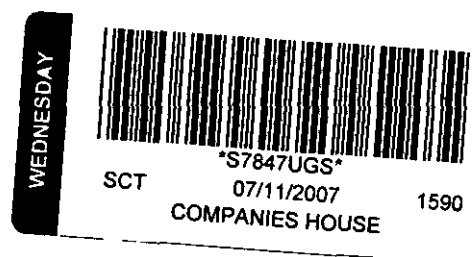


FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2007**



Registered No SC047708

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2007**

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**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2007**

Directors	G R Cooper C Crawford (resigned 10 11 06) J K Evans (appointed 20 02 07) P G Gately (appointed 20 02 07) C M Metcalfe (appointed 20 02 07) W M Negus S W Paul T D T Waring (resigned 28 08 06)
Secretary	A C N Smith (resigned 28 02 07, reappointed 04 09 07) G V Davies

Registered Office 23 St Andrew Square, Edinburgh, EH2 1BB

The Directors present their report and the audited financial statements for the year ended 30th June 2007

Principal Activities and Status

The principal activities of the Company are the management of investment portfolios. The Company is a wholly owned subsidiary of SI Holdings Limited. The Company is regulated by the FSA.

Commonwealth Bank of Australia, incorporated in Australia and listed on the Australian Stock Exchange, is regarded by the Directors of the Company as the Company's ultimate parent company.

Review of Business, Risks and Uncertainties

First State Investments (UK Holdings) Limited is part of the international operation of Colonial First State Global Asset Management. Colonial First State Global Asset Management, Australia's largest fund manager with approximately £57 billion in assets under management as at 30th June 2007, is owned by the Commonwealth Bank of Australia, one of Australia's largest financial services organisations. Colonial First State Global Asset Management operates in the United Kingdom as First State Investments.

Colonial First State Global Asset Management is managed by CBA's Wealth Management division. Within CBA, Wealth Management is responsible for the manufacture and administration of non banking services, including business units such as Colonial First State in Australia and First State Investments in the UK and Asia. Wealth Management also provides strategic and operational support for the investment and insurance products of group companies.

First State Investments provides a range of specialist investment management services. Our core areas of focus include global equities, Asia Pacific and global emerging markets equities, property securities and global resources investment. We manage various types of investments and clients including pooled vehicles, segregated mandates, pension funds, commingled funds, institutional and retail investors.

Our primary goals are

- to achieve superior investment performance across our range of products,
- to develop innovative investment products that meet the evolving and diverse needs of our clients,
- to build high quality relationships with our clients, and
- to respect the relationship between investors and their advisors.

We strive to be at the forefront of specialist investing in both developed and emerging markets. Over the past 12 months we have continued to attract strong asset flows into Asia Pacific ex Japan and global emerging markets equities, and Global Resources equities products in particular, and most of our core markets and products generated strong positive returns for investors.

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2007**

The principal risk to the level of profitability of the Company and the group is that of market correction following the strong run over the past 2 years. The particular long term investment style of the Company should protect its revenue and its customers' investments more than many competitors should any correction materialise. The business is also exposed to key man risk associated with the Asia Pacific/GEM team. The Directors are of the opinion that this risk has been managed via the introduction of the Long term incentive scheme.

Results and Dividends

The profit for the year after taxation was £8,681,345 (2006 £13,696,549)

The Directors do not recommend a final dividend. The balance of losses retained on the Profit and Loss Account was thus £10,822,112 (2006 £19,503,457)

Directors and their interests

The Directors of the Company during the year were those listed on page 1. There are no Directors' share interests requiring disclosure under the Companies Act 1985.

Statement of Directors' Responsibilities in respect of the Accounts

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and General Meetings

The Directors confirm that

- (i) so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and
- (ii) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2007**

Auditors and General Meetings (continued)

The Company has by elective resolution dispensed with

- (i) the laying of financial statements and reports before the Company in general meetings,
- (ii) the holding of an annual general meeting, and
- (iii) the obligation to appoint auditors annually

The Board of Commonwealth Bank of Australia ("CBA") has resolved to recommend the appointment of PricewaterhouseCoopers ("PwC") as the auditors of CBA. The appointment is subject to shareholders' approval at CBA's AGM on 7th November 2007. Accordingly, the Directors have written to Ernst and Young LLP to ask for their resignation as auditors. The appointment of PwC is proposed to take effect on 31st October 2007 or, if later, the date of resignation of Ernst and Young LLP.

By Order of the Board



A C N Smith
Secretary
Edinburgh

30 October 2007

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED**

We have audited the company's financial statements for the year ended 30 June 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP
Registered auditor
Edinburgh
30 October 2007

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2007

	Notes	2007 £	2006 £
Turnover	2	40,116,554	34,846,287
Administrative expenses		(28,700,865)	(21,652,079)
Operating profit	3	11,415,689	13,194,208
Interest receivable		1,078,162	790,046
Interest payable		(263,198)	(476,479)
Profit on ordinary activities before tax		12,230,653	13,507,775
Tax on profit on ordinary activities	5	(3,549,308)	188,774
Profit on ordinary activities after tax and retained profit for the year		8,681,345	13,696,549

There were no material acquisitions or discontinued operations during the year

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

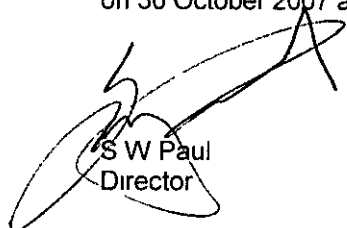
There were no recognised gains and losses other than those shown above

The notes on pages 7 to 11 form part of these financial statements

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
BALANCE SHEET
AS AT 30TH JUNE 2007

	Notes	£	2007 £	£	2006 £	£
Fixed Assets						
Investments	6			2,750,100		2,750,100
Current assets						
Debtors	7	9,406,813			5,921,956	
Deferred tax asset	5				1,549,788	
Cash at bank		26,938,761			26,702,179	
		<u>36,345,574</u>			<u>34,173,923</u>	
Creditors						
Amounts falling due within one year	8	<u>(3,161,477)</u>			<u>(9,671,171)</u>	
Net current assets				<u>33,184,097</u>		<u>24,502,752</u>
Net assets				<u>35,934,197</u>		<u>27,252,852</u>
Capital and Reserves						
Called up share capital	9		46,756,309			46,756,309
Profit and loss account	10		<u>(10,822,112)</u>			<u>(19,503,457)</u>
Equity shareholders' funds	10		<u>35,934,197</u>			<u>27,252,852</u>

The financial statements on pages 5 to 11 were approved and authorised for issue by the Board of Directors on 30 October 2007 and were signed on its behalf by


S W Paul
Director

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2007

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. The financial statements do not consolidate the results of the Company and its subsidiary as these are included in the consolidated accounts for the ultimate UK parent, First State Investments (UK Holdings) Limited.

(b) Taxation

The charge for taxation is based on the profit or loss for the year as adjusted for disallowable items. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

(c) Foreign currencies

Income is recorded at the exchange rate on the date of invoices so foreign exchange differences arise between the rate on the date of invoice and the rate at which the amounts are translated into sterling on the date of receipt. Foreign currency balances have been translated at market rates of exchange ruling at the Balance Sheet date. Gains and losses on exchange are taken to the Profit and Loss Account.

(d) Investments

Investments are shown in the Balance Sheet at cost.

(e) Cashflow statement

The company is a wholly owned subsidiary of Commonwealth Bank of Australia and the cashflows of the company are included in the consolidated group cash flow statement of Commonwealth Bank of Australia. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

2 Turnover

Turnover is the total of investment management, advisory and administration fees.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2007

3 Operating profit	2007	2006
	£	£
Operating profit is stated after charging		
Auditors' remuneration non audit services	5,000	6,200
Foreign exchange differences	88,822	38,408

The remuneration of the Company's auditors for the provision of audit services was £18,700 (2006 £16,800) This remuneration is being settled by a Group parent company

4. Directors' emoluments

No Director receives any remuneration directly from the Company Full details of Directors' remuneration are given in the financial statements of First State Investments (UK Holdings) Limited

5. Tax on profit ordinary activities	2007	2006
	£	£
UK Corporation tax on profits of the period	2,001,004	94,070
Adjustments in respect of previous periods	(1,484)	41,458
Total current tax	1,999,520	135,528
Deferred taxation	1,549,788	(324,302)
Tax on profit on ordinary activities	<u>3,549,308</u>	<u>(188,774)</u>

Factors affecting tax charge for the period

The corporation tax charge on the profit on ordinary activities for the period differs from that calculated at the standard rate of corporation tax in the UK of 30% (2006 30%) as shown below

	2007	2006
	£	£
Profit on ordinary activities before tax	<u>12,230,653</u>	<u>13,507,775</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	3,669,195	4,052,332
Effect of		
Capital allowances		(4,041)
Brought forward losses utilised	(1,668,191)	(3,954,221)
Adjustments in respect of previous periods	(1,484)	41,458
Current tax charge for the period	<u>1,999,520</u>	<u>135,528</u>

The company previously had tax losses (2006 £5,125,550) arising from prior years in the UK on which a deferred tax asset was previously recognised (2006 £1,537,788) As the losses have now been fully utilised in the current year there is no longer a deferred tax asset required A further deferred tax asset is no longer recognised in respect of depreciation in excess of capital allowances (2006 £12,123)

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2007

6. Investments **2007**
£ **2006**
£

The Company holds the undernoted investment in its subsidiary

Name of Company	Description of shares held	% held	Investment at cost	
			2007 £	2006 £
First State Investments International Limited	Ordinary £1	100	2,750,100	2,750,100

The above Company is engaged in investment management

Consolidated accounts have not been prepared in respect of the Company and its subsidiary as the results and financial position of the companies are reflected in the financial statements of First State Investments (UK Holdings) Limited, which is registered in England and Wales

In the opinion of the Directors the aggregate value of the Company's investment in its subsidiary is not less than the aggregate of the amount at which the investment is stated in the Balance Sheet

7. Debtors **2007**
£ **2006**
£

Trade debtors	940,246	97,338
Amounts owed by subsidiary undertaking	5,418,495	3,393,376
Prepayments and accrued income	1,858,805	2,431,242
Corporation tax recoverable	1,180,926	
Other debtors	8,341	
	<u>9,406,813</u>	<u>5,921,956</u>

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2007

8. Creditors: amounts falling due within one year	2007 £	2006 £
Amounts owed to group undertaking	2,791,363	88
Other taxation & social security	225,931	293,696
Accruals and deferred income	144,183	2,277,387
Subordinated loans from First State Investments (UK Holdings) Limited (see below)		7,100,000
	<u>3,161,477</u>	<u>9,671,171</u>

Two loans were made on 1st April 2004 to the company from First State Investments (UK Holdings) Limited in the amounts of £3,500,000 and £3,600,000. Both were repayable after receiving one month's written notice but only once a two year term had expired. Interest was payable on each loan on 31st March each year at a rate of 1.5% above LIBOR. The loan for £3.6m was repaid on 30th September 2006 and the loan for £3.5m was repaid on 31st May 2007.

9. Share capital	2007 £	2006 £
Authorised		
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	<u>77,126,984</u>	<u>77,126,984</u>
	<u>77,225,000</u>	<u>77,225,000</u>
Issued & fully paid		
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	<u>46,658,293</u>	<u>46,658,293</u>
	<u>46,756,309</u>	<u>46,756,309</u>

The 'A' shares carry the right to receive the first £100,000 distributed by way of dividend. Any remaining balance to be distributed shall be distributed amongst the 'A' and 'B' shares *pari passu* accordingly to their respective nominal values.

On a return of capital, or liquidation or otherwise, the net assets of the Company shall be distributed amongst the 'A' and 'B' shares *pari passu* in proportion to the amounts paid up thereon.

10. Reconciliation of shareholders' funds and movement on reserves

	Share Capital £	Profit & Loss Account £	Total £
At 30th June 2005	46,756,309	(33,200,006)	13,556,303
Profit for the year		<u>13,696,549</u>	<u>13,696,549</u>
At 30th June 2006	46,756,309	(19,503,457)	27,252,852
Profit for the year		<u>8,681,345</u>	<u>8,681,345</u>
At 30th June 2007	<u>46,756,309</u>	<u>(10,822,112)</u>	<u>35,934,197</u>

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2007**

11. Related party disclosures

Under Financial Reporting Standard 8 Related Party Disclosures, the company is exempt from the requirement to disclose transactions with any other company in the Commonwealth Bank of Australia group

12. Contingent Liability

On 28th June 2007, the European Court of Justice ('ECJ') ratified the Advocate General's previous conclusion that the management fees of investment trusts, like those of authorised unit trusts and OEICs should be an exempt service for the purposes of VAT. Her Majesty's Revenue and Customs ('HMRC') is yet to comment on the ECJ's conclusion, and the decision has not yet been ratified by the UK VAT Tribunal. Should the ECJ's judgement be accepted by HMRC, investment trust companies may be able to claim for a refund of VAT previously charged to them by the Company. It is currently uncertain how far back such claims could reach (interested parties argue that this could be anything between 2001 and 1990). It is also unclear whether claims would be for the full amount of VAT charged or only the amount of VAT charged adjusted for input tax that the Company had recovered against this. Claims could be further limited to the amount of VAT not previously recovered by the investment trusts themselves.

Should all investment trust clients claim all VAT back on a gross basis from 1990 and should the Company only be able to reclaim VAT back to 2001 from HMRC net of input tax, the maximum differential is estimated to be between £1.5m and £2.0m after adjusting for estimated prior recovery within the investment trusts themselves.

The Company's position is that it will only repay to investment trust clients amounts to the extent that they can be reclaimed by the Company itself from HMRC. The Company intends to resist all claims in order that it reaches a settlement with its investment trust clients at no cost to the Company.

13. Ultimate parent company

Commonwealth Bank of Australia, incorporated in Australia and listed on the Australian Stock Exchange, is regarded by the Directors of the Company as the Company's ultimate parent company.

The largest group in which the results of the Company will be consolidated is that of which Commonwealth Bank of Australia is the parent company. The consolidated accounts of Commonwealth Bank of Australia may be obtained from Level 1, 48 Martin Place, Sydney, New South Wales 1155, Australia or from the following website www.commbank.com.au

The smallest such group is that of First State Investments (UK Holdings) Limited, whose consolidated accounts may be obtained from 23 St Andrew Square, Edinburgh EH2 1BB.