

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008**

Registered No SC047708



FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008**

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**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2008**

Directors	G R Cooper J K Evans P G Gately M J Lazberger (appointed 24th September 2008) C M Metcalfe W M Negus (resigned 1st June 2008) S W Paul
Secretary	A C N Smith (appointed 4th September 2007) 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 2008

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 Investment Management (UK) 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 A\$153 billion in assets under management as at 30th June 2008, 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 Investment Management (UK) Limited 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. As a result our revenue has grown over 30% from the prior year.

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2008**

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 3 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 £17,793,321 (2007 £8,681,345)

The Directors do not recommend a final dividend. The balance of profits retained on the Profit and Loss Account was thus £6,971,208. At 30th June 2007 the balance of retained losses was £10,822,112.

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

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30th June 2008 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 disclosure of information to auditors

In the case of each of the directors, the following applies:

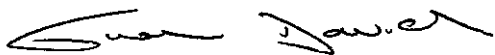
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2008**

Auditors

The auditors, PricewaterhouseCoopers LLP, who were appointed during the year, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board

A handwritten signature in black ink, appearing to read 'G V Davies', written in a cursive style.

G V Davies
Secretary
Edinburgh

17th October 2008

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

We have audited the financial statements of First State Investment Management (UK) Limited for the year ended 30th June 2008 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 30th June 2008 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.

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh*

17th October 2008

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2008

	Notes	2008 £	2007 £
Turnover	2	52,715,616	40,116,554
Administrative expenses		(28,205,892)	(28,700,865)
Operating profit	3	24,509,724	11,415,689
Interest receivable		721,650	1,078,162
Interest payable		(90)	(263,198)
Profit on ordinary activities before tax		25,231,284	12,230,653
Tax on profit on ordinary activities	5	(7,437,963)	(3,549,308)
Profit on ordinary activities after tax and retained profit for the year		17,793,321	8,681,345

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

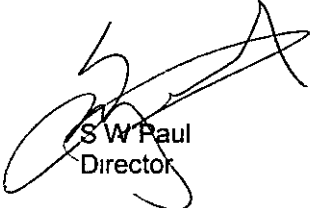
There were no recognised gains and losses other than those shown above

The notes on pages 7 to 12 form part of these financial statements

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
BALANCE SHEET
AS AT 30TH JUNE 2008

		2008		2007	
	Notes	£	£	£	£
Fixed Assets					
Investments	6		2,750,100		2,750,100
Current assets					
Debtors	7	23,977,244		9,406,813	
Cash at bank		<u>29,838,892</u>		<u>26,938,761</u>	
		53,816,136		36,345,574	
Creditors					
Amounts falling due within one year	8	<u>(2,838,719)</u>		<u>(3,161,477)</u>	
Net current assets			<u>50,977,417</u>		<u>33,184,097</u>
Net assets			<u>53,727,517</u>		<u>35,934,197</u>
Capital and Reserves					
Called up share capital	9		46,756,309		46,756,309
Profit and loss account	10		<u>6,971,208</u>		<u>(10,822,112)</u>
Equity shareholders' funds	10		<u>53,727,517</u>		<u>35,934,197</u>

The financial statements on pages 5 to 12 were approved and authorised for issue by the Board of Directors on 17th October 2008 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 2008

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) Revenue

Revenue recognition is based on the benefits to the company of any income flows which can be reliably determined. Turnover of the company is from the provision of asset management services and includes management fees and performance fees.

Performance fees, where applicable, are only calculated and recognised at the end of any performance period when a reliable estimate can be made in the comparison of benchmarks and portfolio returns.

Interest received (and paid) is recognised on an accruals basis by applying the appropriate rate of interest.

(c) Taxation

The charge for taxation is based on the profit or loss for the year as adjusted for disallowable items. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, together with adjustments to tax payable in respect of prior years.

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.

During the year, as a result of the change in the UK Corporation Tax rate from 30% to 28% that will be effective from 1 April 2008, deferred tax balances have been remeasured. Deferred tax expected to reverse in the year to 30 June 2008 has been measured using the effective rate for the period (28%).

(d) 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.

(e) Investments

Investments in subsidiaries are shown in the Balance Sheet at cost less impairment, where applicable.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008

(f) 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

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008

2. Turnover

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

3. Operating profit

2008
£ **2007**
£

Operating profit is stated after charging/(crediting)

Fees payable to auditor for audit of company's accounts	18,700	
Fees payable to auditor for FSA/Regulatory audit fee	5,000	
Foreign exchange (gain)/loss	(54,628)	88,822

In the previous year the auditors' fees for the audit of the accounts of £18,700 and also £5,000 for the FSA/regulatory audit fee were met by a group parent company. For the year to 30th June 2008 these are to be met by First State Investment Management (UK) Limited

4. Directors' emoluments

2008
£ **2007**
£

Directors' emoluments excluding pension contributions	3,108,343	3,297,870
Aggregate pension contributions of all Directors	85,325	101,617
The emoluments, excluding pension contributions, of the highest paid director	2,449,619	1,875,317
Pension contributions of the highest paid director	48,124	55,344

All Directors are remunerated by First State Investment Services (UK) Limited, a related entity, and the amounts shown here are the proportion recharged to the Company from that entity

Pension benefits are accruing to three (2007 three) Directors under pension schemes operated by the Company. The accrued retirement benefit of the highest paid Director was £32,560 (2007 £28,859). This is the full amount of the benefit not just the proportion recharged to the Company

5. Tax on profit ordinary activities

2008
£ **2007**
£

UK Corporation tax on profits of the period	7,445,739	2,001,004
Adjustments in respect of previous periods	(7,776)	(1,484)
Total current tax	7,437,963	1,999,520
Deferred taxation		1,549,788
Tax on profit on ordinary activities	7,437,963	3,549,308

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 29.5% (2007 30%) as shown below

2008
£ **2007**
£

Profit on ordinary activities before tax	25,231,284	12,230,653
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.5% (2007 30%)	7,443,229	3,669,195
Effect of		
Capital allowances	(2,235)	
Brought forward losses utilised		(1,668,191)
Adjustments in respect of previous periods	(7,776)	(1,484)
Timing Differences	4,745	
Current tax charge for the period	7,437,963	1,999,520

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008

6. Investments

The Company holds the undernoted investment in its subsidiary

Name of Company	Description of shares held	% held	Investment at cost	
			2008 £	2007 £
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

	2008 £	2007 £
Trade debtors	971,439	940,246
Amounts owed by group undertakings	20,831,322	5,418,495
Prepayments and accrued income	2,174,483	1,858,805
Corporation tax recoverable		1,180,926
Other debtors		8,341
	<u>23,977,244</u>	<u>9,406,813</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

8. Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts owed to group undertakings	1,973,995	2,791,363
Corporation tax/Group relief payable	546,693	
Other taxation & social security	283,671	225,931
Accruals and deferred income	34,360	144,183
	<u>2,838,719</u>	<u>3,161,477</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008

9. Share capital	2008	2007
	£	£
Authorised		
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	77,126,984	77,126,984
	<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	46,658,293	46,658,293
	<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 2006	46,756,309	(19,503,457)	27,252,852
Profit for the year		8,681,345	8,681,345
At 30th June 2007	46,756,309	(10,822,112)	35,934,197
Profit for the year		17,793,321	17,793,321
At 30th June 2008	<u>46,756,309</u>	<u>6,971,209</u>	<u>53,727,518</u>

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') has indicated that it will abide by this judgement. Investment trust companies are thus able to claim for a refund of VAT previously charged to them by the Company to the extent that they have not already recovered such VAT. This is applicable for the distinct time periods as determined by case law that the Company can itself reclaim VAT previously paid on to HMRC.

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 maximum amount that could be reclaimed by the Company on behalf of investment trust clients is £3,045,682 but it is possible that only £1,992,709 could be reclaimed. It is also possible that the level of these claims could be further reduced to the level of previously irrecoverable VAT within the investment trust clients themselves. Whilst it is also possible that the Company may incur some professional advisor cost as a result of the reclaims, the Directors do not expect a material liability to arise.

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008**

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