

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2009**

Registered No. SC047708

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FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2009**

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**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2009**

Directors: G R Cooper
J K Evans (resigned 1st December 2008)
P G Gately
M J Lazberger (appointed 24th September 2008)
C M Metcalfe (resigned 18th February 2009)
S W Paul
P Rayson (appointed 17th December 2008, resigned 21st September 2009)
M J Stapleton (appointed 26th March 2009, resigned 21st September 2009)
G Johnston (appointed 21st September 2009)
G Withers (appointed 21st September 2009)

Company Secretaries: A C N Smith
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 2009.

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\$138billion in assets under management as at 30th June 2009, 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, infrastructure investment (both listed and unlisted) 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 preserve and enhance client wealth;
- 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, always respecting the primary relationship between advisor and client; and
- to satisfy expectations for shareholder returns.

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 Listed Infrastructure products in particular. During the year the global financial crisis negatively impacted investment returns for most of our core markets and products although by year end both

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2009**

Review of Business, Risks and Uncertainties (continued)

Asia and GEM had posted single digit positive returns. As a result our revenue was down 5.7% from the prior year. The principal risk to the level of profitability of the Company and the group is that of a prolonged global recession causing another market correction or a period of significant investment underperformance. 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 Long term incentive scheme.

The Directors consider that the Company's activities will continue unchanged in the foreseeable future.

Results and Dividends

The profit for the year after taxation but before dividends was £20,062,641 (2008: £17,793,321). A first interim dividend of £15,000,000 (£131,235 for "A" ordinary shares and £14,868,765 for "B" ordinary shares) was paid on 3rd December 2008. A second interim dividend of £10,000,000 (£28,613 for "A" ordinary shares and £9,971,387 for "B" ordinary shares) was paid on 24 June 2009. The Directors do not recommend a final dividend.

The balance of profits retained on the Profit and Loss Account was thus £2,033,849. At 30th June 2008 the balance of retained profits was £6,971,208.

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 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2009**

Auditors and disclosure of information to auditors

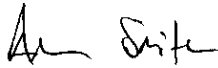
In the case of each of the directors, the following applies:

- 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the Board



A C N Smith
Secretary
Edinburgh

14th October 2009

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 30 June 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Allan McGrath (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
14th October 2009

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2009

	Notes	2009 £	2008 £
Turnover	2	49,719,142	52,715,616
Administrative expenses		(31,241,390)	(28,205,892)
Operating profit	3	18,477,752	24,509,724
Group Dividends received		6,500,000	-
Interest receivable		366,606	721,650
Interest payable		(15,349)	(90)
Profit on ordinary activities before tax		25,329,009	25,231,284
Tax on profit on ordinary activities	5	(5,266,368)	(7,437,963)
Profit on ordinary activities after tax		20,062,641	17,793,321
Group Dividends paid	6	(25,000,000)	-
Retained (Loss)/Profit		(4,937,359)	17,793,321

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 (loss)/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 2009

	Notes	£	2009 £	£	2008 £
Fixed Assets					
Investments	7		2,750,100		2,750,100
Current assets					
Debtors	8	13,601,580		23,977,244	
Cash at bank		<u>22,262,505</u>		<u>29,838,892</u>	
		35,864,085		53,816,136	
Creditors					
Amounts falling due within one year	9	<u>(2,324,027)</u>		<u>(2,838,719)</u>	
Net current assets			<u>33,540,058</u>		<u>50,977,417</u>
Net assets			<u>36,290,158</u>		<u>53,727,517</u>
Capital and Reserves					
Called up share capital	10		34,256,309		46,756,309
Profit and loss account	11		<u>2,033,849</u>		<u>6,971,208</u>
Equity shareholders' funds	11		<u>36,290,158</u>		<u>53,727,517</u>

The financial statements and notes on pages 5 to 11 were approved and authorised for issue by the Board of Directors on 14th October 2009 and were signed on its behalf by:


G R Cooper
Director

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2009

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 parent, Commonwealth Bank of Australia.

(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.

(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. Investments are subject to review for impairment by the Directors annually or otherwise when determined to be required.

(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 2009

2. Turnover

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

3. Operating profit

	2009	2008
	£	£
Operating profit is stated after charging/(crediting):		
Fees payable to auditor for audit of company's accounts	18,700	18,700
Fees payable to auditor for FSA/Regulatory audit fee	5,000	5,000
Foreign exchange (gain)/loss	(232,648)	(54,628)

4. Directors' emoluments

	2009	2008
	£	£
Directors' emoluments excluding pension contributions	3,526,355	3,108,343
Aggregate pension contributions of all Directors	109,167	85,325
The emoluments, excluding pension contributions, of the highest paid director	2,028,318	2,449,619
Pension contributions of the highest paid director	35,556	48,124

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 (2008: three) Directors under pension schemes operated by the Company. The accrued retirement benefit of the highest paid Director was £36,793 (2008: £32,560). This is the full amount of the benefit not just the proportion recharged to the Company.

5. Tax on profit on ordinary activities

	2009	2008
	£	£
UK Corporation tax on profits of the period	5,287,549	7,445,739
Adjustments in respect of previous periods	(21,181)	(7,776)
Total current tax & Tax on profit on ordinary activities	5,266,368	7,437,963

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 28% (2008: 29.5%) as shown below.

	2009	2008
	£	£
Profit on ordinary activities before tax	25,329,009	25,231,284
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 29.5%)	7,092,123	7,443,229
Effect of:		
Capital allowances	(1,294)	(2,235)
Group Dividends Received	(1,820,000)	-
Adjustments in respect of previous periods	(21,181)	(7,776)
Timing Differences	16,720	4,745
Current tax charge for the period	5,266,368	7,437,963

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2009

6. Dividends Paid

The directors elected to pay interim dividends totalling £25,000,000 (2008: £nil) to the parent company S I Holdings Limited.

7. Investments

The Company holds the undernoted investment in its subsidiary:

Name of Company	Description of shares held	% held	Investment at cost	
			2009 £	2008 £
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 Commonwealth Bank of Australia, which is registered in Australia.

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.

8. Debtors

	2009 £	2008 £
Trade debtors	247,031	971,439
Amounts owed by group undertakings	11,203,733	20,831,322
Prepayments and accrued income	2,150,816	2,174,483
	<u>13,601,580</u>	<u>23,977,244</u>

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

9. Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	1,210,084	1,973,995
Corporation tax/Group relief payable	846,987	546,693
Other taxation & social security	226,806	283,671
Accruals and deferred income	40,150	34,360
	<u>2,324,027</u>	<u>2,838,719</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 2009

10. Share capital

	2009 £	2008 £
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>34,158,293</u>	<u>46,658,293</u>
	<u>34,256,309</u>	<u>46,756,309</u>

On 3rd December 2008 12,500,000 'B' Ordinary shares of £1 each were cancelled and the reserve created returned to the company's sole shareholder SI Holdings Limited.

The 'A' shares carry the right to receive the first £100,000 distributed per financial year 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.

11. Reconciliation of shareholders' funds and movement on reserves

	Share Capital £	Profit & Loss Account £	Total £
At 30th June 2007	46,756,309	(10,822,113)	35,934,196
Retained profit for the year	-	17,793,321	17,793,321
At 30th June 2008	<u>46,756,309</u>	<u>6,971,208</u>	<u>53,727,517</u>
Cancellation of share capital (see note 10 above)	(12,500,000)		(12,500,000)
Dividends paid		(25,000,000)	(25,000,000)
Retained profit for the year	-	20,062,641	20,062,641
At 30th June 2009	<u>34,256,309</u>	<u>2,033,849</u>	<u>36,290,158</u>

12. 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.

**FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2009**

13. 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.

Repayments have been secured for investment trust clients for the year 2001 to 2007 and the amounts received passed on to those entities. Repayments are also pending for the 1990 to 1996 time period. Appropriate claims and appeals have also been lodged in respect of the intervening 1996 to 2001 period. 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 question of VAT exemption being extended to pension fund clients is currently being considered in the Wheels Common Investment Fund test case. Appropriate protective claims have thus been made in respect of current and previous pension fund clients. In addition, protective claims and appeals have been lodged in case VAT exemption extends to certain other client types in the future.

The total value of all outstanding protective claims as at 30th June 2009 amounted to £7,997,402.

Whilst it is also possible that the Company may incur some professional advisor fees as a result of the reclaims, the Directors do not expect a material liability to arise.

14. Ultimate parent company

The immediate parent undertaking is SI Holdings Limited.

The ultimate parent undertaking and controlling party is Commonwealth Bank of Australia, which is the parent undertaking of the smallest and the largest group to consolidate these financial statements. Copies of Commonwealth Bank of Australia consolidated financial statements can be obtained from: Level 1, 48 Martin Place, Sydney, New South Wales 1155, Australia or from the following website: www.commbank.com.au.