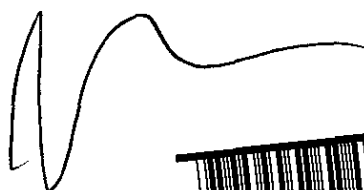


STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2000

79063

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STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2000

The Directors present their report and the audited financial statements for the year ended 30th June 2000.

1. Principal Activities and Status

The principal activity of the Company is the management of investment portfolios, mainly for clients resident outwith the U.K. The Company is regulated by IMRO and the SEC.

The Company is a wholly owned subsidiary of Stewart Ivory & Company Limited. On 20th March 2000, the entire share capital of Stewart Ivory (Holdings) Limited, the parent company of Stewart Ivory & Company Limited was acquired by Colonial First State (UK) Holdings Limited.

2. Review of Business

The profit for the year after taxation was £1,354,293. This result and the future prospects are deemed to be satisfactory. A first interim dividend of £6,500 per Ordinary share was paid on 17th December 1999 and a second interim dividend of £6,000 per Ordinary share was paid on 22nd June 2000. The Directors do not recommend a final dividend.

3. Directors

The Directors who served during the year and their interests in the share capital of Stewart Ivory (Holdings) Limited are as follows:

	30th June 2000 Ord.	30th June 1999 Ord.
M D Burgess (appointed 25/05/00)	-	-
J W Burns	-	9,230
A Carstens (appointed 25/05/00)	-	-
I E Ivory (retired 09/07/99)	-	21,567
P Mack (appointed 25/05/00)	-	-
B M McCorkell (appointed 25/05/00)	-	12,320
S W Paul (appointed 25/05/00)	-	1,500
P L Polson (appointed 25/05/00)	-	-
D H Shaw Stewart (resigned 25/05/00)	-	12,320
A J Tulloch (resigned 25/05/00)	-	21,567
E A W Tulloch (resigned 25/05/00)	-	21,567
J G L Wright (resigned 31/08/00)	-	21,567

None of the Directors has an interest in the share capital of the Company or of Commonwealth Bank of Australia, the ultimate parent company.

R W Adams was appointed a Director of the Company on 7th August 2000.

M D Burgess resigned on 3rd October 2000.

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2000****4. Directors' and Officers' Insurance**

The Company has effected a policy of insurance for its Directors and Officers in respect of potential liabilities arising from any negligence or error.

5. Statement of Directors' Responsibilities

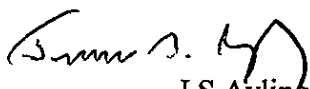
The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30th June 2000. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and for the prevention and detection of fraud and other irregularities.

6. Auditors

A resolution to re-appoint PricewaterhouseCoopers as auditors will be proposed at the Annual General Meeting.

By Order of the Board


J S Ayling
Secretary

EDINBURGH
25th October 2000

**AUDITORS' REPORT TO THE MEMBERS OF
STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED**

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the Company's affairs at 30th June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Edinburgh
25th October 2000

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2000

	Notes	2000 £	1999 £
Turnover	2	2,186,970	2,219,055
Administration Expenses	3	309,400	323,898
Operating profit		<u>1,877,570</u>	<u>1,895,157</u>
Interest receivable and other income	4	104,147	96,389
Profit on ordinary activities before tax		<u>1,981,717</u>	<u>1,991,546</u>
Tax on profit on ordinary activities	5	627,424	605,991
Profit for the financial year		<u>1,354,293</u>	<u>1,385,555</u>
Dividends paid and payable	6	1,250,000	1,300,000
		<u>104,293</u>	<u>85,555</u>
Retained profit brought forward		1,396,345	1,310,790
Realisation of revaluation reserve		75,334	-
Retained profit carried forward		<u><u>1,575,972</u></u>	<u><u>1,396,345</u></u>

There were no discontinued operations or acquisitions during the year.

The Statement of Total Recognised Gains and Losses is shown at note 11.

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.

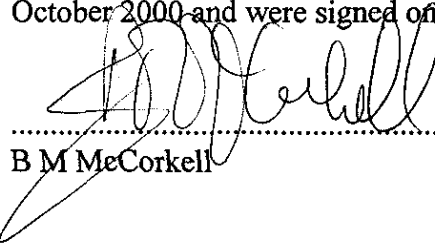
STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

BALANCE SHEET

AS AT 30TH JUNE 2000

	Notes	2000 £	£	1999 £	£
Investments	7		-		99,128
Current assets					
Debtors	8	1,575,165		841,653	
Cash at bank		893,691		1,397,004	
		<u>2,468,856</u>		<u>2,238,657</u>	
Creditors (amounts falling due within one year)	9	<u>892,784</u>		<u>866,006</u>	
Net Current Assets			<u>1,576,072</u>		<u>1,372,651</u>
Net Assets			<u>1,576,072</u>		<u>1,471,779</u>
Capital and Reserves					
Share Capital	10		100		100
Revaluation Reserve	12		-		75,334
Profit and Loss Account			<u>1,575,972</u>		<u>1,396,345</u>
Equity Shareholders' Funds	13		<u>1,576,072</u>		<u>1,471,779</u>

The financial statements on pages 4 to 10 were approved by the Board of Directors on 25th October 2000 and were signed on its behalf by:


 Director
 B M McCorkell

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH JUNE 2000****1. Principal Accounting Policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important 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.

(b) Foreign exchange

Overseas income is recorded at rates of exchange ruling at the dates of receipt. Foreign currency balances have been translated at market rates of exchange ruling at the Balance Sheet date. Gains and losses on foreign currency are included in Administration Expenses.

(c) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

(d) Cashflow statement

No cashflow statement has been prepared as a consolidated cashflow statement is included in the financial statements of the ultimate holding company, Commonwealth Bank of Australia.

(e) Investments

The investment in the Babson Stewart Ivory International partnership is valued at the Company's share of the partnership's net assets (excluding the Company's share of trade debtors of the partnership which are accounted for within the Company's own debtors).

2. Turnover

Turnover represents the total of management fees earned by the Company and its share of the fees earned by Babson Stewart Ivory International.

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2000

	2000		1999	
3. Administration Expenses	£	£	£	£
Directors' emoluments:				
- salaries	99,344		98,895	
- social security costs	11,712		9,917	
- pension costs	17,856		17,719	
	<u>128,912</u>		<u>126,531</u>	
Auditors' remuneration - audit fee	3,480		3,445	
Foreign exchange gains	(19,513)		(2,475)	
Other expenses	120,433		117,928	
Management fee	76,088		78,469	
	<u>309,400</u>		<u>323,898</u>	

Remuneration of the Company's auditors for the provision of non-audit services was £6,900 (1999 : £6,900). Retirement benefits are accruing to three Directors under the Stewart Ivory (Holdings) Limited group's defined benefit Scheme.

	2000	1999
	£	£
4. Interest Receivable & Other Income		
Bank deposit interest	61,279	96,389
Gain on sale of investment	42,868	-
	<u>104,147</u>	<u>96,389</u>

	2000	1999
	£	£
5. Tax On Ordinary Activities		
Corporation tax at 30% (1999 - 30.75%)	623,392	611,857
Prior year	4,032	(5,866)
	<u>627,424</u>	<u>605,991</u>

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2000

6. Dividends	2000	1999
	£	£
1st Interim of £6,500 per share, paid 17.12.99 (1999 - £3,500)	650,000	350,000
2nd Interim of £6,000 per share, paid 22.06.00 (1999 - £6,500)	600,000	650,000
3rd Interim of NIL per share, (1999 - £3,000)	-	300,000
	<u>1,250,000</u>	<u>1,300,000</u>

7. Investments	2000	1999
	£	£
At valuation	-	99,128

The Company has a 50 per cent share in a partnership, Babson Stewart Ivory International which operates in the United States of America. The partnership is engaged in investment management. The Directors are of the opinion that they do not exercise ultimate control over the partnership although the interest in the partnership does represent a joint arrangement under Financial Reporting Standard 9 – Associates and Joint Ventures. In accordance with section 228 of the Companies Act 1985, the Company is exempt from the requirement to prepare consolidated financial statements. The Company's interest in its joint arrangement is included in the financial statements of Stewart Ivory (Holdings) Limited. The turnover in these accounts includes the Company's share of the income of the partnership which amounted to £1,936,352 for the year ended 30th June 2000 (1999: £1,966,027).

8. Debtors	2000	1999
	£	£
Trade debtors	1,050,289	534,994
Tax recoverable	524,876	306,659
	<u>1,575,165</u>	<u>841,653</u>

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2000

9. Creditors - Due Within One Year	2000	1999
	£	£
UK Corporation tax	301,484	209,288
Other creditors	132,527	62,694
Group undertakings	458,773	594,024
	<u>892,784</u>	<u>866,006</u>
10. Share Capital	2000	1999
	£	£
Authorised, issued and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>
11. Statement Of Total Recognised Gains And Losses	2000	1999
	£	£
Profit for the financial year	1,354,293	1,385,555
Increase in unrealised gain on investments	-	44,625
Total recognised gains and losses	<u>1,354,293</u>	<u>1,430,180</u>
12. Revaluation Reserve	2000	1999
	£	£
Balance at 1st July 1999	75,334	30,709
(Realised) / Unrealised gain on investments	(75,334)	44,625
Balance at 30th June 2000	<u>-</u>	<u>75,334</u>
13. Reconciliation Of Movements In Shareholders' Funds	2000	1999
	£	£
Total recognised gains and losses	1,354,293	1,430,180
Dividends	(1,250,000)	(1,300,000)
	<u>104,293</u>	<u>130,180</u>
Opening shareholders' funds	1,471,779	1,341,599
Closing shareholders' funds	<u>1,576,072</u>	<u>1,471,779</u>

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH JUNE 2000****14. Ultimate Parent Company**

Commonwealth Bank of Australia, incorporated in Australia and listed on the Sydney 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.

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

15. Related Party Disclosures

The Company's income is solely derived from its activities as a manager and an administrator of investment portfolios for its clients under the terms of investment management contracts and may on a strict interpretation be deemed to be a "related party" to its clients within the definition of Financial Reporting Standard 8 - Related Party Disclosures.