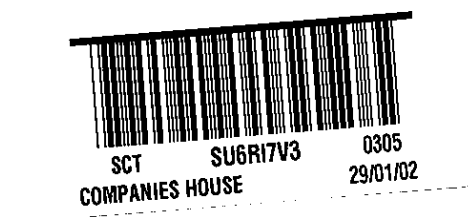


STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2001**



Registered No. 79063

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2001**

	Page
Directors' report	1-2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6-10
Notice of Meeting	11

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2001

Directors:	R W Adams	(appointed 07/08/00)
	M D Burgess	(resigned 11/10/00)
	J W Burns	
	A Carstens	(resigned 30/03/01)
	G R Cooper	(appointed 23/04/01)
	P Mack	(resigned 12/01/01)
	B M McCorkell	
	S W Paul	
	P L Polson	
	J G L Wright	(resigned 31/08/00)

Secretary: J S Ayling

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 2001.

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 First State Investment Management (UK) Limited. 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 and Future Developments

The profit for the year after taxation was £1,457,443. This result and the future prospects are deemed to be satisfactory. A first interim dividend of £4,000 per Ordinary share was paid on 29 September 2000 and a second interim dividend of £3,500 per Ordinary share was paid on 14 December 2000 and a final dividend of £2,200 per ordinary share was paid on 16 March 2001.

Directors and their Interests

The Directors of the Company during the year were those listed above. None of the Directors had, at the end of the year, any interest in shares or debentures of the company or other UK group companies. No Director nor a member of his immediate family was during the financial year granted, nor did any such person exercise, any right to subscribe for shares in or debentures of the Company or another UK body corporate in the same group. None of the Directors has an interest in the share capital of Commonwealth Bank of Australia, the ultimate parent company, except for R W Adams who holds 12,500 ordinary shares and G R Cooper who holds 311 ordinary shares.

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2001

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.

Statement of Directors' Responsibilities

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:

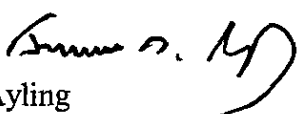
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

PricewaterhouseCoopers resigned as auditors on 23rd April 2001 and the Directors appointed Ernst & Young in their place as of this date. On 28th June 2001, Ernst & Young transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28th June 2001. Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board


J S Ayling
Secretary

EDINBURGH
26th October 2001

REPORT OF THE AUDITORS
to the shareholders of Stewart Ivory & Company (International) Limited

We have audited the accounts on pages 4 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30th June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Edinburgh
26th October 2001

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2001

	Notes	2001 £	2000 £
Turnover	2	2,211,507	2,186,970
Administration Expenses	3	155,577	309,400
Operating profit		<u>2,055,930</u>	<u>1,877,570</u>
Interest receivable and other income	4	56,306	104,147
Profit on ordinary activities before tax		<u>2,112,236</u>	<u>1,981,717</u>
Tax on profit on ordinary activities	5	654,793	627,424
Profit for the financial year		<u>1,457,443</u>	<u>1,354,293</u>
Dividends paid and payable	6	970,000	1,250,000
		<u>487,443</u>	<u>104,293</u>
Retained profit brought forward		1,575,972	1,396,345
Realisation of revaluation reserve		-	75,334
Retained profit carried forward	11	<u><u>2,063,415</u></u>	<u><u>1,575,972</u></u>

There were no discontinued operations or acquisitions 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 or losses other than those shown above.

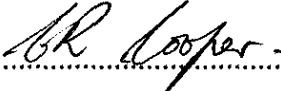
STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

BALANCE SHEET

AS AT 30TH JUNE 2001

	Notes	2001 £	£	2000 £	£
Current assets					
Debtors	8	1,319,940		1,575,165	
Cash at bank		1,738,062		893,691	
		<u>3,058,002</u>		<u>2,468,856</u>	
Creditors (amounts falling due within one year)	9	<u>994,487</u>		<u>892,784</u>	
Net Current Assets			<u>2,063,515</u>		<u>1,576,072</u>
Net Assets			<u><u>2,063,515</u></u>		<u><u>1,576,072</u></u>
Capital and Reserves					
Share Capital	10		100		100
Profit and Loss Account			<u>2,063,415</u>		<u>1,575,972</u>
Equity Shareholders' Funds	11		<u><u>2,063,515</u></u>		<u><u>1,576,072</u></u>

The financial statements on pages 4 to 10 were approved by the Board of Directors on 26th October 2001 and were signed on its behalf by:

 Director
 G R Cooper
 26th October 2001

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH JUNE 2001****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 2001

	2001		2000	
3. Administration Expenses	£	£	£	£
Directors' emoluments:				
- salaries	-		99,344	
- social security costs	-		11,712	
- pension costs	-		17,856	
			<u>128,912</u>	
Auditors' remuneration - audit fee				
Current		6,100		3,480
Previous		3,445		-
Foreign exchange gains		26,522		(19,513)
Other expenses		119,510		120,433
Management fee		-		76,088
		<u>155,577</u>		<u>309,400</u>

Remuneration of the Company's auditors for the provision of non-audit services was £1,750 (2000 : £NIL). Remuneration of the Company's previous auditors for the provision of non-audit services was £3,250 (2000 : £6,900).

	2001	2000
	£	£
4. Interest Receivable & Other Income		
Bank deposit interest	56,306	61,279
Gain on sale of investment	-	42,868
	<u>56,306</u>	<u>104,147</u>

	2001	2000
	£	£
5. Tax On Ordinary Activities		
Corporation tax at 30% (2000 – 30%)	649,645	623,392
Prior year	5,148	4,032
	<u>654,793</u>	<u>627,424</u>

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2001

6. Dividends	2001	2000
	£	£
1st Interim of £4,000 per share, paid 29.09.00 (2000 - £6,500)	400,000	650,000
2nd Interim of £3,500 per share, paid 14.12.00 (2000 - £6,000)	350,000	600,000
3rd Interim of £2,200 per share, paid 16.03.01 (2000 - NIL)	220,000	-
	<u>970,000</u>	<u>1,250,000</u>

7. Investments	2001	2000
	£	£
At valuation	<u>-</u>	<u>-</u>

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 £2,070,293 for the year ended 30th June 2001 (2000: £1,936,352).

8. Debtors	2001	2000
	£	£
Trade debtors	921,298	1,050,289
Tax recoverable	398,642	524,876
	<u>1,319,940</u>	<u>1,575,165</u>

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2001

9. Creditors - Due Within One Year	2001	2000
	£	£
UK Corporation tax	-	301,484
Other creditors	-	132,527
Group undertakings	976,242	458,773
Accruals	18,245	-
	<u>994,487</u>	<u>892,784</u>

10. Share Capital	2001	2000
	£	£
Authorised, issued and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. Reconciliation Of Movements In Shareholders' Funds

	2001	2000
	£	£
Total recognised gains and losses	1,457,443	1,354,293
Dividends	(970,000)	(1,250,000)
	<u>487,443</u>	<u>104,293</u>
Opening shareholders' funds	1,576,072	1,471,779
Closing shareholders' funds	<u>2,063,515</u>	<u>1,576,072</u>

12. 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, Australia or (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.

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH JUNE 2001****13. 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.

STEWART IVORY & COMPANY (INTERNATIONAL) LIMITED**NOTICE OF MEETING**

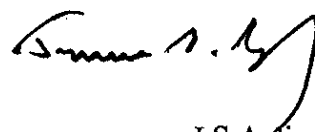
Notice is hereby given that the 19th Annual General Meeting of Stewart Ivory & Company (International) Limited will be held at 23 St. Andrew Square, Edinburgh on 30th November 2001 at 11.00am to transact the following business:

1. To receive the Directors' Report and the Accounts for the year to 30th June 2001.
2. *To appoint Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.*

To consider and, if thought fit, to pass the following resolutions which will be proposed as elective resolutions:

3. THAT the company hereby elects pursuant to Section 252 of the Companies Act 1985 ("the Act"), to dispense with the laying of accounts and reports before the company in general meeting.
4. THAT the company hereby elects pursuant to Section 366A of the Act, to dispense with the holding of annual general meetings.
5. THAT the company hereby elects pursuant to Section 386 of the Act, to dispense with the obligation to appoint auditors annually.

By order of the Board



J S Ayling
Secretary

23 St. Andrew Square, Edinburgh
EDINBURGH 26th October 2001

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a member of the Company.