

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED**  
**(formerly Stewart Ivory & Company (International) Limited)**

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30th JUNE 2002**

Registered No. 79063



**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30th JUNE 2002**

| Index                             | Page |
|-----------------------------------|------|
| Report of the Directors           | 1-2  |
| Independent Auditor's Report      | 3    |
| Profit and Loss Account           | 4    |
| Balance Sheet                     | 5    |
| Notes to the Financial Statements | 6-9  |

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30th JUNE 2002**

Directors: R W Adams  
J W Burns  
G R Cooper  
B M McCorkell (resigned 15/08/02)  
S W Paul  
P L Polson (resigned 25/10/02)

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 2002.

### **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 the FSA 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.

The Company changed its name from Stewart Ivory & Company (International) Limited on 25th September 2002.

On 25th September 2002, the Company paid David L Babson US \$2.75m for its share of the goodwill in the joint venture company operated by the two entities. This will allow a significant increase in the US business opportunities.

### **Results and Dividends**

The profit the year after taxation was £1,221,470. This result and the future prospects are deemed to be satisfactory. A first interim dividend of £11,380 per Ordinary share was paid on 28th February 2002 and a second interim dividend of £1,000 per Ordinary share was paid on 11th June 2002. The balance of profits retained on the Profit and Loss Account was therefore £2,046,884.

### **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

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30th JUNE 2002**

**Directors and their Interests contd.**

in the share capital of Commonwealth Bank of Australia, the ultimate parent company, except for R W Adams who holds 500 ordinary shares and G R Cooper who holds 311 ordinary shares.

**Statement of Directors' Responsibilities in respect of the Financial Statements**

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.

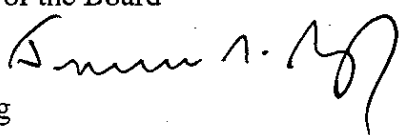
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company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

**Auditors and General Meetings**

The 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.

By Order of the Board

  
J S Ayling  
Secretary

EDINBURGH  
28th October 2002

**INDEPENDENT AUDITORS' REPORT**  
**to the shareholders of First State Investment International Limited**

We have audited the Company's financial statements for the year ended 30th June 2002 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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 with the Company 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 United Kingdom 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 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 affairs of the Company as at 30th June 2002 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  
28th October 2002

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30th JUNE 2002**

|                                                 | Notes | 2002<br>£   | 2001<br>£ |
|-------------------------------------------------|-------|-------------|-----------|
| <b>Turnover</b>                                 | 2     | 1,769,404   | 2,211,507 |
| Administrative expenses                         |       | (97,209)    | (155,577) |
| <b>Operating profit</b>                         | 3     | 1,672,195   | 2,055,930 |
| Interest receivable                             |       | 80,116      | 56,306    |
| <b>Profit on ordinary activities before tax</b> |       | 1,752,311   | 2,112,236 |
| Tax on profit on ordinary activities            | 5     | (530,841)   | (654,793) |
| <b>Profit for the financial year</b>            |       | 1,221,470   | 1,457,443 |
| Dividends paid and payable                      | 6     | (1,238,000) | (970,000) |
| Retained (loss)/profit for year                 |       | (16,530)    | 487,443   |

There were no discontinued operations or acquisitions during the year.

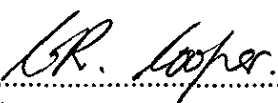
There is no difference between the profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above, and their historical cost equivalents.

There were no recognised gains or losses other than those shown above.

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED**  
**BALANCE SHEET**  
**AS AT 30th JUNE 2002**

|                                              | Notes | 2002<br>£        | £                | 2001<br>£        | £                |
|----------------------------------------------|-------|------------------|------------------|------------------|------------------|
| <b>Investments</b>                           | 7     |                  | -                |                  | -                |
| <b>Current assets</b>                        |       |                  |                  |                  |                  |
| Debtors                                      | 8     | 1,343,011        |                  | 1,319,940        |                  |
| Cash at bank                                 |       | 1,617,960        |                  | 1,738,062        |                  |
|                                              |       | <u>2,960,971</u> |                  | <u>3,058,002</u> |                  |
| <b>Creditors:</b>                            |       |                  |                  |                  |                  |
| Amounts falling due within one year          | 9     | <u>(913,987)</u> |                  | <u>(994,487)</u> |                  |
| <b>Net Current Assets</b>                    |       |                  | <u>2,046,984</u> |                  | <u>2,063,515</u> |
| <b>Total Assets less Current Liabilities</b> |       |                  | <u>2,046,984</u> |                  | <u>2,063,515</u> |
| <b>Capital and Reserves</b>                  |       |                  |                  |                  |                  |
| Share Capital                                | 10    |                  | 100              |                  | 100              |
| Profit and Loss Account                      |       |                  | 2,046,884        |                  | 2,063,415        |
| <b>Equity Shareholders' Funds</b>            | 11    |                  | <u>2,046,984</u> |                  | <u>2,063,515</u> |

The financial statements on pages 4 to 9 were approved by the Board of Directors on 28th October 2002 and were signed on its behalf by:

 ..... Director  
G R Cooper  
28th October 2002

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30th JUNE 2002**

**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.

(b) Taxation

The charge for taxation is based on the profit 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 received in foreign currencies is translated into sterling at the rate 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) 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.

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30th JUNE 2002**

|                                            | 2002  | 2001  |
|--------------------------------------------|-------|-------|
|                                            | £     | £     |
| <b>3. Operating Profit</b>                 |       |       |
| This is stated after charging/(crediting): |       |       |
| Auditors' remuneration                     |       |       |
| - Current Auditors                         | 3,750 | 3,600 |
| - Previous Auditors                        | -     | 3,445 |

Remuneration of the Company's auditors for the provision of non-audit services was £4,400 (2001 - £4,250).

**4. Directors' Emoluments**

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

|                                                | £              | £              |
|------------------------------------------------|----------------|----------------|
| <b>5. Tax On Ordinary Activities</b>           |                |                |
| Group Relief : Current Year at 30% (2001: 30%) | 525,693        | 649,645        |
| Group Relief : Prior year at 30% (2001: 30%)   | 5,148          | 5,148          |
|                                                | <u>530,841</u> | <u>654,793</u> |

|                                                                    | £                | £              |
|--------------------------------------------------------------------|------------------|----------------|
| <b>6. Dividends Paid and Payable</b>                               |                  |                |
| 1st Interim of £11,380 per share, paid 28.02.02<br>(2001 - £4,000) | 1,138,000        | 400,000        |
| 2nd Interim of £1,000 per share, paid 11.06.02 (2001 - £3,500)     | 100,000          | 350,000        |
| 3rd Interim of £NIL per share, (2001 - £2,200)                     | -                | 220,000        |
|                                                                    | <u>1,238,000</u> | <u>970,000</u> |

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30th JUNE 2002**

**7. Investments**

At valuation

2002  
£

2001  
£

|  |   |   |
|--|---|---|
|  | - | - |
|--|---|---|

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 First State Investments (UK Holdings) Limited. The turnover in these accounts includes the Company's share of the income of the partnership which amounted to £1,660,107 for the year ended 30th June 2002 (2001: £2,070,293). As noted in the Directors Report, a payment was made in September 2002 for David L Babson's share of the goodwill attached to the partnership.

**8. Debtors**

|                 | £         | £         |
|-----------------|-----------|-----------|
| Trade debtors   | 675,614   | 921,298   |
| Tax recoverable | 667,397   | 398,642   |
|                 | 1,343,011 | 1,319,940 |

**9. Creditors : Amounts falling due within one year**

|                    | £       | £       |
|--------------------|---------|---------|
| Group Tax Relief   | 536,891 | -       |
| Other creditors    | 301,484 | -       |
| Group undertakings | 9,396   | 976,242 |
| Accruals           | 66,216  | 18,245  |
|                    | 913,987 | 994,487 |

**10. Share Capital**

|                                                                 | £   | £   |
|-----------------------------------------------------------------|-----|-----|
| Authorised, issued and fully paid<br>Ordinary shares of £1 each | 100 | 100 |

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30th JUNE 2002**

**11. Reconciliation of Movements in Shareholders' Funds**

|                        | Share<br>Capital | Profit &<br>Loss<br>Account | Total       |
|------------------------|------------------|-----------------------------|-------------|
|                        | £                | £                           | £           |
| At 1st July 2000       | 100              | 1,575,971                   | 1,576,071   |
| Profit for the year    | -                | 1,457,443                   | 1,457,443   |
| Dividends paid in year | -                | (970,000)                   | (970,000)   |
| At 30th June 2001      | 100              | 2,063,414                   | 2,063,514   |
| Profit for the year    | -                | 1,221,470                   | 1,221,470   |
| Dividends paid in year | -                | (1,238,000)                 | (1,238,000) |
| At 30th June 2002      | 100              | 2,046,884                   | 2,046,984   |

**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 from the following website ([www.commbank.com.au](http://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.

**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.