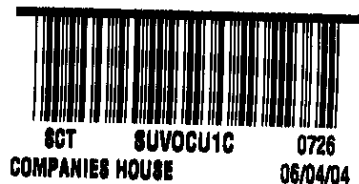


FIRST STATE INVESTMENTS INTERNATIONAL LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003**

Registered No. 79063



FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

Index	Page
Report of the Directors	1-2
Independent Auditor's Report	3-4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7-12

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30th JUNE 2003

Directors:	R W Adams	(resigned 30/06/03)
	J W Burns	(resigned 20/09/02)
	G R Cooper	
	B M McCorkell	(resigned 15/08/02)
	S W Paul	
	P L Polson	(resigned 25/10/02)
	T Waring	(appointed 01/10/03)

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 2003.

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 attaching to the clients of 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 £50,587 (2002 - £1,221,470). This result and the future prospects are deemed to be satisfactory. A first interim dividend of £542,000 per Ordinary share was paid on 14 March 2003.

The balance of profits retained on the Profit and Loss Account was therefore £1,555,471 (2002 - £2,046,884).

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30th JUNE 2003**

Directors and their Interests contd.

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 not 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 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.

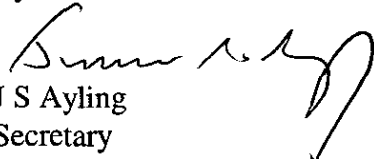
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Auditors and 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
30th October 2003

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 2003 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

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 2003 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

30th October 2003

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th JUNE 2003

	Notes	Year to 30th 2003 £	Year to 30th 2002 £
Turnover	2	1,746,424	1,769,404
Administrative expenses		(1,430,536)	(97,209)
Operating profit	3	<u>315,888</u>	<u>1,672,195</u>
Interest receivable		58,077	80,116
Profit on ordinary activities before tax		<u>373,965</u>	<u>1,752,311</u>
Tax on profit on ordinary activities	5	(323,378)	(530,841)
Profit for the financial year		<u>50,587</u>	<u>1,221,470</u>
Dividends paid and payable	6	(542,000)	(1,238,000)
Retained loss for year		<u>(491,413)</u>	<u>(16,530)</u>

There were no discontinued operations or acquisitions during the year.

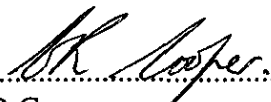
There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

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

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
BALANCE SHEET
AS AT 30th JUNE 2003

	Notes	2003 £	2002 £
Investments			
Fixed Asset Investments	7	-	-
Intangible Investments	7	3,771,995	-
Current assets			
Debtors	8	1,319,758	1,343,011
Cash at bank		673,153	1,617,960
		<u>1,992,911</u>	<u>2,960,971</u>
Creditors:			
Amounts falling due within one year	9	<u>(1,464,088)</u>	<u>(913,987)</u>
Net Current Assets		<u>528,823</u>	<u>2,046,984</u>
Total Assets less Current Liabilities		<u>4,300,818</u>	<u>2,046,984</u>
Creditors:			
Amounts falling due after more than one year	10	<u>(1,245,247)</u>	-
Net Assets		<u>3,055,571</u>	<u>2,046,984</u>
Capital and Reserves			
Share Capital	11	1,500,100	100
Profit and Loss Account	12	1,555,471	2,046,884
Equity Shareholders' Funds	12	<u>3,055,571</u>	<u>2,046,984</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 28th October 2003 and were signed on its behalf by:


..... Director
G R Cooper
30th October 2003

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

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).

The intangible investment is valued on the initial and deferred consideration paid to purchase the goodwill attaching to the clients and the rights to the client income in the future (see note 7). The total investment is being amortised over a 5 year period from the initial investment.

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

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.

	2003	2002
	£	£
3. Operating Profit		
This is stated after charging:		
Auditors' remuneration – non audit services	4,660	4,400

The remuneration of the Company's auditors for the provision of audit services was £4,200 (2002 - £3,750). This remuneration is being settled by a Group parent company.

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.

	2003	2002
	£	£
5. Tax On Ordinary Activities		
Group Relief : (see reconciliation below)	258,725	525,693
Group Relief under provided in prior year	61,444	5,148
Corporation Tax : Current Year at 30%	3,209	-
	<u>323,378</u>	<u>530,841</u>

Group tax relief reconciliation

The group relief on the loss on ordinary activities is different from that calculated at the standard rate of corporation tax in the UK of 30% (2002: 30%). This difference is reconciled below:

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

	2003 £	2002 £
5. Tax On Ordinary Activities Contd		
Profit on ordinary activities before tax	373,965	1,752,311
Profit multiplied by the standard rate of corporation tax	112,190	525,693
Amounts disallowed in tax computations	146,535	-
Total current year group relief	258,725	525,693
	2003 £	2002 £
6. Dividends Paid and Payable		
1st Interim of £0.36 per share, paid 14 March 2003 (2002 - £11,380 per share)	542,000	1,138,000
2nd Interim of £NIL per share. (2002 - £1,000 per share)	-	100,000
	542,000	1,238,000
7. Investments		
a) Fixed Asset Investments	2003 £	2002 £
At valuation	-	-

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 £1,107,000 for the year ended 30th June 2003 (2002: £1,660,107).

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

7. Investments Contd

b) Intangible Investments	2003	2002
	£	£
Initial consideration	1,776,715	-
Deferred consideration	2,421,564	-
Costs	62,168	-
	<u>4,260,447</u>	<u>-</u>
Amortisation to 30 June 2003	(488,452)	-
At valuation	<u>3,771,995</u>	<u>-</u>

On 20th September 2002 the Company paid US\$ 2.75million (£1,776,715) for the goodwill attaching to the clients of the joint venture and the right to receive 100% of income from all partnership clients from 20th September 2005, subject to those clients transferring their investment mandates from the partnership to the Company. The present value of the deferred consideration for those clients that had transferred at 30 June 2003, amounting to £2,421,564, has been recognised as a liability and as an increase in the carrying value of the intangible investment.

Once all clients have transferred to the Company, the Company has the right to purchase David L Babson's share of the partnership for US\$ 1,000.

8. Debtors	2003	2002
	£	£
Trade debtors	956,996	675,614
Tax recoverable	362,762	667,397
	<u>1,319,758</u>	<u>1,343,011</u>

9. Creditors : Amounts falling due within one year	2003	2002
	£	£
Group Relief	258,725	536,891
Corporation tax payable	-	301,484
Group undertakings	980	9,396
Accruals	28,066	66,216
Deferred consideration payable	1,176,317	-
	<u>1,464,088</u>	<u>913,987</u>

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003

10. Creditors : Amounts falling due after more than one year	2003	2002
	£	£
Deferred consideration payable	<u>1,245,247</u>	<u>-</u>

11. Share Capital	2003	2002
	£	£
Authorised, issued and fully paid Ordinary shares of £1 each	<u>1,500,100</u>	<u>100</u>

1,500,000 Ordinary shares were issued on 24/09/02

12. Reconciliation of Movements in Shareholders' Funds

	Share Capital	Profit & Loss Account	Total
	£	£	£
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	<u>-</u>	<u>(1,238,000)</u>	<u>(1,238,000)</u>
At 30th June 2002	100	2,046,884	2,046,984
Profit for the year	-	50,587	50,587
Dividends paid in year	-	(542,000)	(542,000)
Shares issued in the year	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
At 30th June 2003	<u>1,500,100</u>	<u>1,555,471</u>	<u>3,055,571</u>

**FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2003**

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, 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.

14. 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.