FIRST STATE INVESTMENTS INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2004

Registered No. 79063



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REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2004

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FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30th JUNE 2004

Directors:	G R Cooper	
	S W Paul	
	T D 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 2004.

Principal Activities and Status

The principal activity of the Company is the management of investment portfolios, mainly for clients resident outside 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.*

Results and Dividends

The loss for the year after taxation was £632,152 (2003 – profit of £50,587). This result and the future prospects are deemed to be satisfactory.

The balance of profits retained on the Profit and Loss Account was therefore £923,319 (2003 - £1,555,471).

Directors and their Interests

The Directors of the Company during the year were those listed above. There are no Directors' share interests requiring disclosure under the Companies Act 1985.

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30th JUNE 2004

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.

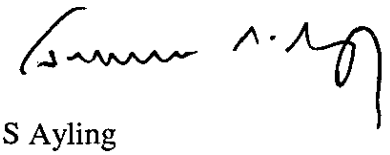
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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
28th October 2004

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 2004 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.

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 2004 and of its loss 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 2004

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th JUNE 2004

	Notes	Year to 30th 2004 £	Year to 30th 2003 £
Turnover	2	3,934,016	1,746,424
Administrative expenses		(4,125,865)	(1,430,536)
Operating loss	3	(191,849)	315,888
Interest receivable		29,362	58,077
Interest payable		(174,211)	-
(Loss)/profit on ordinary activities before tax		(336,698)	373,965
Tax on (loss)/profit on ordinary activities	5	(295,454)	(323,378)
(Loss)/profit on ordinary activities after tax		(632,152)	50,587
Dividends paid and payable	6	-	(542,000)
Retained loss for year		(632,152)	(491,413)

There were no discontinued operations or acquisitions during the year.

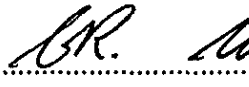
There is no difference between the (loss)/profit on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

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

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
BALANCE SHEET
AS AT 30th JUNE 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Investments					
Fixed asset investments	7		-		-
Intangible investments	7		3,271,350		3,771,995
Current Assets					
Debtors	8	1,583,884		1,319,758	
Cash at bank		392,004		673,153	
		1,975,888		1,992,911	
Creditors:					
Amounts falling due within one year	9	(2,109,140)		(1,464,088)	
Net Current (Liabilities)/Assets			(133,252)		528,823
Total Assets less Current Liabilities			3,138,098		4,300,818
Creditors:					
Amounts falling due after more than one year	10		(714,679)		(1,245,247)
Net Assets			2,423,419		3,055,571
Capital and Reserves					
Share capital	11		1,500,100		1,500,100
Profit and loss account	12		923,319		1,555,471
Equity Shareholders' Funds	12		2,423,419		3,055,571

The financial statements on pages 5 to 12 were approved by the Board of Directors on 28th October 2004 and were signed on its behalf by:



..... Director

G R Cooper
28th October 2004

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2004

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 it 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 2004

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.

3. Operating loss

	2004 £	2003 £
Operating loss is stated after charging:		
Auditors' remuneration – non audit services	3,500	4,660
Foreign exchange differences	131,783	2,113

The remuneration of the Company's auditors for the provision of audit services was £7,025 (2003 - £4,200). 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.

5. Tax on ordinary activities

	2004 £	2003 £
Group Relief : (see reconciliation below)	(370,108)	(258,724)
Group Relief over/(under) provided in prior year	74,654	(64,654)
	(295,454)	(323,378)

Factors affecting tax charge for the period.

The group relief on the profit/(loss) on ordinary activities for the period differs from that calculated at the standard rate of corporation tax in the UK of 30% (2003 : 30%)

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2004

	2004 £	2003 £
5. Tax on ordinary activities contd.		
(Loss)/profit on ordinary activities before tax	(336,698)	373,965
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 : 30%)	(101,009)	112,189
Effect of :		
Adjustment to initial consideration on Babson investment	111,140	-
Disallowance for finance charge	51,154	-
Disallowance for amortisation	308,823	146,535
Current group relief for the period	370,108	258,724

	2004 £	2003 £
6. Dividends paid and payable		
1st Interim of £nil per share, (2003 - £0.36 per share)	-	542,000

7. Investments

a) Fixed asset investments	2004 £	2003 £
At cost	-	-

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 £132,600 for the year ended 30th June 2004 (2003: £1,107,000).

As all clients of the partnership have now either transferred over to the Company of have terminated their relationship, proceedings commenced on 30th June 2004 to wind up the partnership.

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2004

7. Investments contd.

b) Intangible investments

	£
Cost	
At 30th June 2003	4,260,447
Additions:	
Change in estimated deferred consideration	510,684
At 30th June 2004	4,771,131
Amortisation	
At 30th June 2003	488,452
Charge for the year	1,011,329
At 30th June 2004	1,499,781
Net Book Value	
At 30th June 2004	3,271,350
At 30th June 2003	3,771,995

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 2004, amounting to £2,255,283 (30 June 2003 : £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

	2004	2003
	£	£
Trade debtors	270,843	-
Prepayments and accrued income	993,341	956,996
Tax recoverable	319,700	362,762
	1,583,884	1,319,758

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2004

9. Creditors : amounts falling due within one year

	2004	2003
	£	£
Group relief	479,595	258,725
Amounts due to group undertakings	45,370	980
Accruals and deferred income	43,571	28,066
Deferred consideration payable	1,540,604	1,176,317
	2,109,140	1,464,088

10. Creditors : amounts falling due after more than one year

	2004	2003
	£	£
Deferred consideration payable	714,679	1,245,247

11. Share capital

	2004	2003
	£	£
Authorised, issued and fully paid		
Ordinary shares of £1 each	1,500,100	1,500,100

12. Reconciliation of movements in shareholders' funds

	Share Capital	Profit & Loss Account	Total
	£	£	£
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	1,500,000	-	1,500,000
At 30th June 2003	1,500,100	1,555,471	3,055,571
Loss for the year	-	(632,152)	(632,152))
At 30th June 2004	1,500,100	923,319	2,423,419

FIRST STATE INVESTMENTS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2004

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.