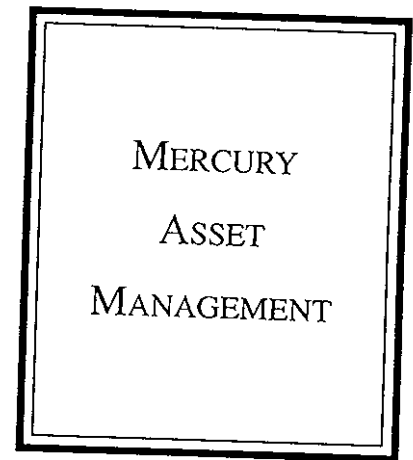


MERCURY ASSET MANAGEMENT GROUP PLC

COMPANY NO. 951043



MERCURY ASSET MANAGEMENT GROUP plc

Annual Report 31st March, 1995



MERCURY ASSET MANAGEMENT

OUR OBJECTIVE is to be the most successful international investment management group serving pension funds, other institutions and private investors.

WE MEASURE this success by the extent to which we satisfy the changing requirements of our clients while providing increasing value to our shareholders.

WE SEEK to achieve our objective by the active management of clients' portfolios, by observing the most rigorous professional standards, by maintaining the excellence of our systems and by attracting and retaining people of the highest quality.

FINANCIAL HIGHLIGHTS					
Year ended 31st March	1991	1992	1993	1994	1995
Profit before taxation	£56.4m	£65.1m	£82.3m	£109.5m	£111.5m
Earnings per Ordinary Share	22.8p	25.4p	32.6p	42.9p	43.1p
Dividends per Ordinary Share	10.0p	11.5p	15.0p	22.5p	26.0p
Equity shareholders' funds	£109.8m	£137.6m	£174.3m	£211.6m	£231.8m
Total funds under management	£37.3bn	£40.0bn	£49.7bn	£60.4bn	£63.5bn

MERCURY ASSET MANAGEMENT GROUP plc

AMSTERDAM BAHRAIN FRANKFURT GENEVA HONG KONG ISLE OF MAN JERSEY LONDON LUXEMBOURG
MADRID MELBOURNE MONTREAL NEW YORK SINGAPORE SYDNEY TAIPEI TOKYO ZURICH

3	RESULTS AND DIVIDEND
4	CHAIRMAN'S STATEMENT
11	CORPORATE GOVERNANCE
12	FINANCIAL REVIEW
14	DIRECTORS
16	DIRECTORS' REPORT
23	REPORT OF THE AUDITORS
24	CONSOLIDATED PROFIT AND LOSS ACCOUNT
25	CONSOLIDATED BALANCE SHEET
26	COMPANY BALANCE SHEET
27	CONSOLIDATED CASH FLOW STATEMENT
28	STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
28	RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS
29	NOTES ON THE ACCOUNTS
45	NOTICE OF MEETING
47	DIRECTORS OF PRINCIPAL OPERATING COMPANY
48	DIRECTORS OF BUSINESS DIVISIONS
52	GROUP OFFICES

RESULTS AND DIVIDEND

RESULTS

Group profit before tax increased from £109.5 million to £111.5 million.

Earnings per share increased from 42.9p to 43.1p.

Equity shareholders' funds rose from £211.6 million to £231.8 million.

Net new business amounted to £1.8 billion.

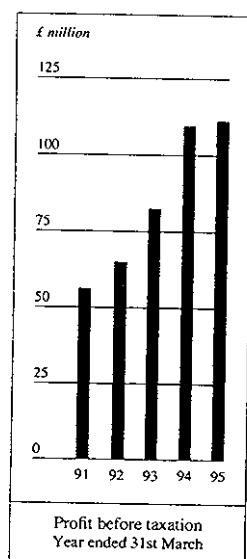
Funds under management (excluding funds managed by associated undertakings) increased from £60.4 billion to £63.5 billion.

DIVIDEND

The Board recommends a final dividend of 21.5p per Ordinary Share, to be paid on 10th July, 1995 to shareholders on the register on 9th June, 1995.

This dividend, together with the interim dividend of 4.5p per share declared in November 1994, will result in total dividends per Ordinary Share of 26.0p, compared with dividends of 22.5p per share paid in respect of the previous year.

CHAIRMAN'S STATEMENT



RESULTS

I am pleased to be able to report an increase in profit before tax and earnings per share for the year ended 31st March, 1995, despite lower market levels and some significant non-recurring costs.

The rising trend in interest rates, which began shortly before the beginning of our financial year, resulted in much more difficult markets than those which we had enjoyed in the previous year. Bond and equity markets traded at lower levels; this affected our results by constraining both fee income and the demand for retail financial products.

During the past five years, the value of funds under our management has almost doubled. We have also extended the range of services which we offer to our clients and we have increased the number of markets in which our clients' funds are invested. We have therefore made a further substantial investment in our infrastructure. This contributed to an increase in our operating costs during the period and included non-recurring costs of over £5 million.

Notwithstanding the investment which we have made in our infrastructure, our profitability has enabled us to maintain a strong and liquid balance sheet, to increase our shareholders' funds by nearly 10 per cent. to £232 million and to recommend total dividends for the year of 26.0p per share, an increase of 15.6 per cent. over the dividends paid in respect of the previous year.

PROPOSED CHANGE IN MERCURY'S RELATIONSHIP WITH S.G. WARBURG

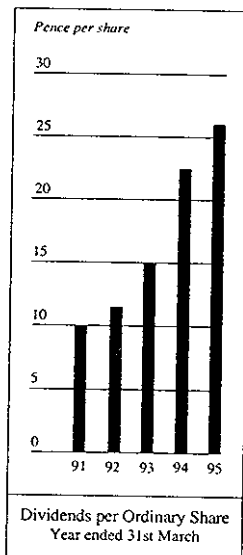
At an Extraordinary General Meeting held on 1st June, 1995, the shareholders of S.G. Warburg Group plc (which currently owns 75 per cent. of the shares of Mercury Asset Management) approved the sale of the investment banking business of S.G. Warburg to Swiss Bank Corporation. The completion of the sale, which is still subject to various regulatory consents and other conditions, is expected to take place during the next few weeks. The proposed sale will be followed by a Scheme of Arrangement, the effect of which will be that Mercury will become a fully independent company whose shareholder register immediately after the Scheme will consist of the Mercury minority shareholders as to 25 per cent. and the shareholders of S.G. Warburg as to the balance.

I have every confidence in Mercury's future as a fully independent company and we welcome the opportunity presented to us, although I naturally regret the change in the relationship between Mercury and S.G. Warburg which has been of great benefit to both sides.

The change will not, however, alter in any way our corporate strategy, nor will it lead to any changes in the management of Mercury. Further, the contractual arrangements for the provision of custody services by S.G. Warburg & Co. Ltd. to clients of Mercury remain unchanged.

Under the terms of the transaction between S.G. Warburg and Swiss Bank Corporation, we will give up our right to trade under the Warburg name – a name which we have used outside the United Kingdom for many years. We will have to replace the facilities which we currently share with S.G. Warburg and we will also need to incur additional administrative and personnel costs as part of our transition to a fully independent company, as well as some of the costs directly associated with the transaction itself.

It has therefore been agreed that, following the sale of the investment banking business, we will be entitled to receive the sum of £35 million from S.G. Warburg. In addition, our minority shareholders will be entitled to a special dividend of 40p per share (net) – approximately £18 million in total – to reflect the change in the nature of their relationship with S.G. Warburg. Together with my fellow directors, I believe that the entitlement to the £35 million payment, together with the special dividend, adequately recognises the financial impact of this change on our minority shareholders.



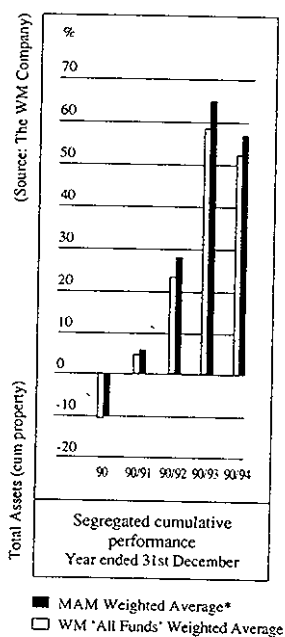
REVIEW OF BUSINESS

UK Institutions Our UK Institutional division provides discretionary investment management services to UK pension funds, Local Authority Superannuation Funds and other institutions. At 31st March, 1995 the division looked after portfolios for more than 900 clients, representing £42.7 billion of funds under management.

During the year, the division was reorganised into six teams in order to concentrate more closely on the particular needs of different client groups:

Managed Fund Service: focuses on pooled investment management for smaller pension funds. The business has been growing rapidly with over 80 client appointments last year and now has a significant presence in the pooled pensions market and over £1.9 billion under management.

Alpha, Mercury and Select: focus on segregated investment management for medium sized and large pension funds. The teams bring our 'core' investment approach to pension funds ranging in size from £20 million to in excess of £3 billion, and tailor their services to the particular needs of these different clients. Each team has added new clients during the year.



* 1991 to 1994 data is based on annual returns calculated gross of fees by The WM Company. The 1990 figure is calculated net of fees.

Specialist: focuses on managing portfolios with higher risk profiles and unusual performance targets.

Special Mandates: focuses on non-standard mandates, such as those from government agencies or the provision of unit trust portfolio management for third parties.

We aim to exceed our clients' expectations and thereby build a sustainable advantage in an increasingly competitive world. We shall pursue this goal relentlessly.

We continue to see a demand for Money Purchase Pension Services, which we provide through Mercury Life, and we have attracted 72 corporate clients. The value of these funds is reflected on the balance sheet as life assurance assets. We expect this business to grow rapidly over the next five years.

UK pension funds are undergoing a period of major change which has led to a number of funds establishing their own particular investment benchmarks or altering the profile of their assets. There is, therefore, an increasing range of investment guidelines, benchmarks and risk profiles amongst our UK pension fund clients. The number of pension funds who have established mandates with customised benchmarks has significantly reduced the proportion of funds which are managed on a fully discretionary basis. Traditionally, the industry has compared investment managers on the performance of these fully discretionary funds, but this category of funds is no longer representative of our business or most of our competitors' businesses. To avoid misleading comparisons we have consistently declined to release our fully discretionary performance figures to the press.

In the next few years we anticipate further changes in the UK pension fund industry, partly in response to Government legislation. Our new structure will allow us to develop our services to clients more effectively.

Following the acquisition, in February 1994, of Grosvenor Ventures Limited, Mercury Development Capital now manages funds of over £370 million for clients seeking high returns from investment in unquoted opportunities and the Property division now has assets under management with a value of over £380 million.

International Despite the decline in market indices, the value of assets managed for overseas clients by the International division grew from £10.5 billion to £11.2 billion. We have appointed a number of local representatives to act as a point of liaison with our clients and to provide a source of information for local investors about our products. We have opened representative offices in the Netherlands, Spain and Taiwan for this purpose. We also completed the establishment of a fund management operation in Germany which has made a promising start. New business from North America amounted to approximately £250 million and the flow of new business in that area has continued in the first quarter of this financial year, with the emphasis on fixed interest and European specialist equity portfolios.

In Japan, both our segregated investment management company and our investment trust management company achieved good results. The environment for Tokkin business was difficult, but we continued to attract new corporate pension fund clients. Despite the unfavourable market background for retail funds, the investment trust management company increased its funds under management and is trading profitably.

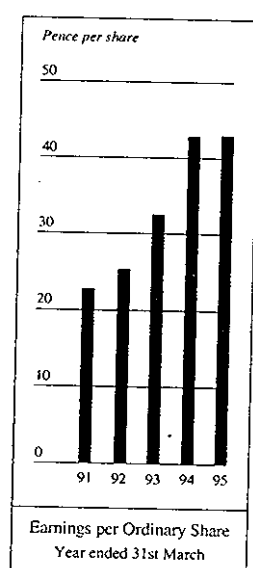
We have taken various measures during the year to support and extend the distribution of our offshore funds. A number of new products were launched during the year and the value of Mercury Selected Trust, our Luxembourg umbrella fund, exceeded US\$1 billion for the first time.

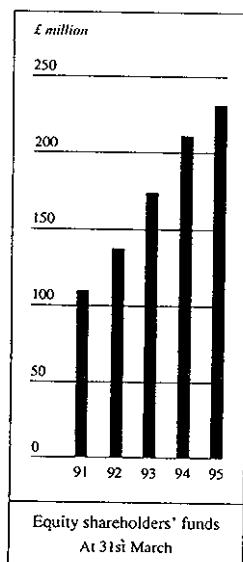
Fixed Interest The Fixed Interest division provides discretionary specialist fixed interest investment management services to pension funds, insurance companies, central banks and other private and public sector institutional clients around the world. It also manages the gilt and bond portfolios of clients of the UK Institutional and International divisions. At 31st March, 1995, total fixed interest funds under management amounted to £13.4 billion.

The strong investment performance achieved by the Fixed Interest division resulted in a substantial flow of new business. Over thirty new segregated fixed interest accounts were won from clients both in the UK and overseas, including a number of mandates awarded to our new fund management company in Germany.

Private Investors Net new business received in our Private Investors division amounted to £800 million, bringing total funds under management to £9.6 billion.

Our UK and International private client businesses saw net inflows of £374 million, bringing the level of funds under management for private clients to £3.1 billion.





The acquisition of the outstanding 50 per cent. interest in Bank S.G. Warburg A.G. which we did not previously own has enhanced the service which can be provided to international private clients through the co-ordination of our activities in London, Switzerland and Jersey. The Mercury representative office in Bahrain has also focused primarily on private client business and good progress has been made.

We now manage £1.4 billion of charitable funds. Charinco and Charishare, our specialist common investment funds for charities, continued to perform well and now have a combined value in excess of £350 million. We acquired Buzzacott Investment Management Limited, a UK private client and charities business, with funds under management of £61 million.

Although the market environment for the sale of retail funds in the United Kingdom was less buoyant than in the previous year, gross sales of Mercury retail unit trusts exceeded £500 million. Mercury Fund Managers is now the fourth largest manager of UK unit trusts. New products launched included the Mercury Income Portfolio (a sister fund to the Mercury Portfolio Fund) and the Mercury Value PEP.

A number of retail clients have long-standing relationships with us. Albany Life is a prime example, having been an important client of the group for over twenty years.

The investment trusts managed by Mercury have performed well on an asset value basis. The Mercury Investment Trust Savings Plan was launched during the year and includes Mercury Keystone Investment Trust plc in addition to Mercury World Mining Trust plc and Mercury European Privatisation Trust plc. Grosvenor Development Capital plc, an investment trust focusing on venture capital investments, effected a capital reorganisation. Through the Development Capital division, we will continue to manage the investments of this company which has been renamed Mercury Grosvenor Trust plc.

Joint Ventures NBK Investment Management, in which we hold a 40 per cent. interest, is an important venture for us and continued to make good progress during the year. The competitive position of Potter Warburg Asset Management within the fund management industry in Australia has been sustained. Munich London Investment Management, our joint venture with Munich Re., has seen a significant increase in funds under management during the year and has developed a wider range of products.

Group Services We have placed particular emphasis this year on upgrading front office systems to provide a high level of information and support to those involved in research and investment management activities. We have also maintained the investment in our retail fund operations.

Following the move of the Custody and Investor Services Division of S.G.Warburg & Co. Ltd. to new offices in 55 King William Street during the year, a major refurbishment project has begun in our main premises at 33 King William Street which is not expected to be completed until autumn 1996. This will allow us to upgrade the technical services within the building and to improve the working environment for our staff.

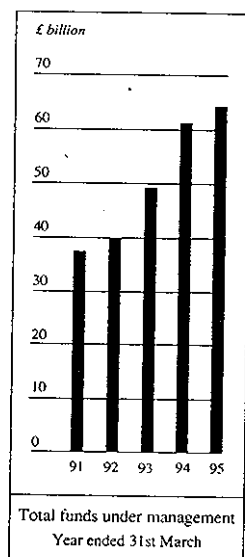
Custody and banking services are an important factor in our business. It is our intention that, notwithstanding the change in the ultimate ownership of the Custody and Investor Services Division of S.G.Warburg & Co. Ltd., our clients should continue to receive these services as an integral part of our arrangements with them. S.G.Warburg & Co. Ltd. is responsible for providing us with fund administration and processing services and acting as custodian to a large number of our clients.

BOARD

Carol Galley, who is responsible for the UK Institutional division, was elected a Vice Chairman of the Company on 30th May, 1995.

On the same date, David Causer, who joined the Company in 1988 as Chief Financial Officer, was appointed a Director. In accordance with the Articles of Association, he will offer himself for re-election at the forthcoming Annual General Meeting.

In our interim statement last November we noted that Leon Levy had retired from the Board after seven years as a non-executive director. We are grateful to him for his support and contribution to the Company since its flotation and we are delighted that he remains a director of some of our overseas funds.



EMPLOYEES

I am sincerely grateful to everyone who has contributed to these results.

In my statement last year I mentioned that we would seek to achieve the Investors in People standard. I am pleased to report that we are the first investment management group to be recognised as an Investor in People.

Our ability to create and sustain value for our shareholders depends on the talents, contribution and commitment of those who work in the business. Our success has been due to the fact that we have been able to attract and keep people of the highest quality and we must make sure that we can do so in the future. We compete internationally and it is essential that our remuneration structure should be internationally competitive.

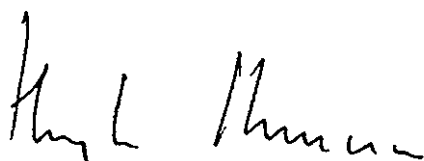
Since 1989, a fundamental element in our remuneration structure has been the deferral of significant amounts of employee compensation, on the basis that any payment is conditional on the continued employment of the individual concerned and that the amount received is dependent on the level of the Company's share price. At 31st March, 1995, the estimated future liability for deferred compensation was £68.4 million (including £24.1 million in respect of directors). This liability is substantially offset by investments held by our employee trust, including holdings of the Company's shares purchased in the market.

OUTLOOK

As always, our revenues will be determined by the strength of the markets in which our clients' funds are invested and it is therefore not possible to give any indication of our results for the current year.

Over the last twenty-five years Mercury has become one of the leading investment management companies in the world and we are fortunate to be operating in a growth industry where there is no shortage of opportunities to expand our business profitably. We can best sustain our record of creating shareholder value by first and foremost looking after clients through good investment performance and excellent service. I am confident that Mercury has the people, the record, the reputation, the systems and the capital to do so.

We are enthusiastic about the prospect of being fully independent.



CORPORATE GOVERNANCE

The Board, which currently comprises ten executive directors and four non-executive directors (including the former Chairman of the Company), is responsible to shareholders for the proper management of the group.

Throughout the year ended 31st March, 1995, the Company complied with those provisions of The Code of Best Practice incorporated in the report of the Cadbury Committee which were in force for the year. Guidance for directors on reporting on internal controls has recently been issued and will come into effect during the year ending 31st March, 1996.

The Audit Committee of the Board, comprising the non-executive directors, is chaired by Sir Alfred Shepperd and meets not less than four times a year to review the group's systems of internal control, the scope and findings of the internal and external auditors' work, the interim and annual reports prior to their publication, the application of the group's accounting policies and any changes to financial reporting requirements.

The Senior Appointments and Remuneration Committee, which is chaired by Mr. Bosonnet and comprises the non-executive directors, reviews matters of remuneration policy for senior executives and considers nominations to the boards of the Company and its principal operating subsidiaries.

The directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the Company and the group as at the end of each financial year and of the profit for the financial year. The directors consider that in preparing the financial statements on pages 24 to 44 the Company has used appropriate accounting policies, consistently applied (except as disclosed) and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed. The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and the group and which 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 detect and prevent fraud and other irregularities. The directors, after making enquiries, have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing these financial statements.

FINANCIAL REVIEW

CHANGE TO ACCOUNTING POLICY

In accordance with the provisions of the draft UITF abstract, Accounting for Employee Share Ownership Plans, the assets and liabilities of the Mercury Asset Management Group Employee Trust have been included in the consolidated financial statements and the comparative figures at 31st March, 1994 have been restated. This change to accounting policy has no effect on the consolidated profit and loss account.

ACQUISITIONS

During the year, the group acquired the 50 per cent. interest in Mercury Asset Management Overseas B.V. (formerly Mercury Prag Holdings B.V.) which it did not already own for a consideration of £47.8 million. Mercury Asset Management Overseas B.V. is an investment holding company whose principal asset is a 100 per cent. interest in Bank S.G. Warburg A.G. (formerly Bank S.G. Warburg Seditic A.G.). This investment has been accounted for as a subsidiary from 1st April, 1994 when effective control passed to the group, and the format of the consolidated balance sheet has been changed to identify separately the banking assets and liabilities. The group also acquired the entire issued share capital of Buzzacott Investment Management Limited for a maximum consideration of £3.1 million. Goodwill of £19.8 million arising on the acquisitions has been written off against reserves.

RESULTS

Profit on ordinary activities before taxation increased by 1.8 per cent. to £111.5 million.

Turnover increased by 15.2 per cent. to £255.0 million as a result of higher average funds under management and growth in performance related fees. During the year the capacity of our operations was expanded and improvements were made to the levels of service provided to our clients which resulted in a 24.9 per cent. increase in operating costs. Other income, which arose principally from realised gains and dividends earned on the group's own account investments, and net interest receivable, increased during the year due to the consolidation for the first time of the results of Bank S.G. Warburg A.G.

TAXATION

Taxation on the group's profit on ordinary activities for the year increased from £32.1 million to £33.0 million. The charge represents an effective rate of 29.6 per cent. (1994 29.3 per cent.) and is below the standard UK corporation tax rate of 33.0 per cent., principally as a result of the lower levels of taxation applicable to the profits of certain of the group's operating subsidiaries overseas.

SHAREHOLDERS' RETURN

Earnings per share for the year rose from 42.9p to 43.1p.

The directors have recommended a final dividend of 21.5p per Ordinary Share, bringing total dividends per Ordinary Share to 26.0p, an increase of 15.6 per cent. on the previous year. The group's policy on dividends is to provide real growth over the medium to long term whilst ensuring that adequate capital is retained to support future business growth.

CAPITAL AND CASHFLOW

The group continued to generate strong cash flow. During the year, dividends totalling £39.8m were paid and £22.3 million was added to the group's cash and investment assets. Capital expenditure of £11.4 million was incurred primarily in refurbishing office premises and upgrading computer equipment.

Equity shareholders' funds at 31st March, 1995 amounted to £231.8 million which included £179.1 million of distributable reserves. The net capital resources of the group are mainly invested in cash and fixed interest securities in order to maintain liquidity for developing the business.

The investment management activities of the main UK operating subsidiaries are subject to regulation by the Investment Management Regulatory Organisation Limited (IMRO) which requires the relevant companies to maintain a specified level of financial resources.

DIRECTORS

MERCURY ASSET MANAGEMENT GROUP plc

H A Stevenson *Chairman*

Hugh Stevenson has been a director of the Company since 1986 and was appointed Chairman in 1992. He joined S.G. Warburg & Co. Ltd. in 1970, becoming a director in 1975. Aged 52.

D W J Price *Deputy Chairman*

David Price joined the group in 1969. He was appointed a director of the Company in 1978 and a Deputy Chairman in 1987. He is responsible for business development and operations. He is also a director of Mercury European Privatisation Trust plc. Aged 47.

S A Zimmerman *Deputy Chairman*

Stephen Zimmerman joined the group in 1971. He was appointed a director of the Company in 1979 and a Deputy Chairman in 1990. He is Chairman of the group's Investment Committee. Aged 46.

C Galley *Vice Chairman*

Carol Galley joined the group in 1971. She was appointed a director of the Company in 1982 and a Vice Chairman in 1995. She is responsible for the UK Institutional division. Aged 46.

P G Bosonnet CBE*

Paul Bosonnet was appointed a director of the Company in 1991. He is Deputy Chairman of British Telecommunications plc. His other directorships include Lucas Industries plc and Logica PLC. Aged 62.

D J Causer

David Causer joined the group in 1988 and was appointed a director of the Company in 1995. He is the group's finance director. Aged 45.

A S Dalton

Andrew Dalton joined the group in 1972 and was appointed a director of the Company in 1983. He is responsible for international business development. Aged 46.

H J Foulds*

Jon Foulds was appointed a director of the Company in 1989. He is Chairman of the Halifax Building Society. His other directorships include Eurotunnel P.L.C., London Smaller Companies Investment Trust plc and Pan-Holding S.A. Aged 63.

C N Hurst-Brown

Nigel Hurst-Brown joined the group and was appointed a director of the Company in 1990. He is responsible for the group's international business. Aged 43.

C V Jackson

Charles Jackson joined the group in 1985 and was appointed a director of the Company in 1993. He is responsible for the group's global Fixed Interest division. Aged 41.

F D S Rosier

David Rosier joined the group in 1978 and was appointed a director of the Company in 1982. He is responsible for the Private Investors division. Aged 44.

Sir Alfred Shepperd*

Sir Alfred Shepperd was appointed a director of the Company in 1987. He is former Chairman and Chief Executive of Wellcome plc. His current directorships include NTL Group Ltd., The Oxford Instruments Group plc and Anglia Maltings (Holdings) Ltd. Aged 69.

P Stormonth Darling*

Peter Stormonth Darling has been a director of the Company since 1969 and was Chairman from 1979 until 1992. He is Chairman of Mercury European Privatisation Trust plc, Deputy Chairman of Scottish Equitable plc, a director of Scottish Hydro Electric plc and of a number of investment trusts, and is a member of the United Nations Pension Fund Investments Committee. Aged 62.

P W Urquhart

Peter Urquhart joined the group in 1981 and was appointed a director of the Company in 1993. He has principal responsibility for the asset allocation of UK pension fund portfolios. Aged 50.

Secretary and Registered Office

C B Farquharson

33 King William Street

London EC4R 9AS

*non-executive

DIRECTORS' REPORT

The directors submit the annual report and accounts of the Company and its subsidiaries for the year ended 31st March, 1995.

ACTIVITIES

The Company is the holding company, listed on the London Stock Exchange, of a group engaged in the provision of investment management and advisory services. The Company is 75 per cent. owned by S.G. Warburg Group plc and is not a close company for the purposes of the Income and Corporation Taxes Act 1988.

A review of the group's activities and operations during the year and of events which have occurred since the year end, together with an indication of future developments, is given in the Chairman's Statement on pages 4 to 10.

RESULTS AND DIVIDENDS

The results of the group are set out in the consolidated profit and loss account on page 24. The group profit for the year, after taxation and minority interests, was £78.3 million.

An interim dividend of 4.5p per Ordinary Share was paid on 19th December, 1994 to shareholders on the register on 24th November, 1994. The directors recommend the payment on 10th July, 1995 to shareholders on the register at the close of business on 9th June, 1995 of a final dividend of 21.5p per Ordinary Share, making a total for the year of 26.0p, compared with 22.5p per Ordinary Share for the previous year.

The cost of the interim and proposed final dividends amounts to £45.4 million, leaving a retained profit for the year of £32.9 million to be added to the group's reserves.

DIRECTORS

The names of the directors of the Company are set out on pages 14 and 15. In accordance with the Articles of Association, Mr A S Dalton, Miss C Galley, Mr F D S Rosier and Mr S A Zimmerman retire by rotation and, being eligible, offer themselves for re-election. Mr D J Causer, having been appointed a director since the last Annual General Meeting, also offers himself for re-election. Special notice has been received of a resolution for the re-appointment of Sir Alfred Shepperd who

will have reached the age of 70 at the time of the Annual General Meeting. The Board fully supports this proposal.

Mr L Levy resigned as a director of the Company on 8th November, 1994.

No director has a contract or an interest in any contract (other than a contract of service which is determinable within one year) with the Company or any of its subsidiaries.

DIRECTORS' INTERESTS

The interests of the directors in the shares of the Company and in the shares of the ultimate holding company, S.G. Warburg Group plc, at the beginning and at the end of the year are set out below:

Beneficial Interests in Shares	Mercury Asset Management Group plc Ordinary Shares of 5p each		S.G. Warburg Group plc Ordinary Shares of 25p each	
	31st March 1995	1st April 1994	31st March 1995	1st April 1994
H A Stevenson	135,878	134,447	41,974	—
D W J Price	496,440	495,009	8,024	8,024
S A Zimmerman	410,890	409,459	8,024	8,024
C Galley	138,278	136,847	8,971	8,971
A S Dalton	455,017	410,000	—	—
H J Foulds	2,887	2,366	—	—
C N Hurst-Brown	7,995	6,564	—	—
C V Jackson	160,498	164,067	—	—
F D S Rosier	120,400	118,969	2,809	2,809
Sir Alfred Shepperd	1,874	1,874	—	—
P Stormonth Darling	147,592	157,592	2,146	2,146
P W Urquhart	54,610	16,742	—	—
Non-beneficial Interests in Shares				
H A Stevenson	232,197	232,197	569,624	419,624
D W J Price	6,000	6,000	3,600	3,600

All the executive directors are interested as employees and potential beneficiaries under the terms of the Mercury Asset Management Group Employee Trust in Ordinary Shares of Mercury Asset Management Group plc held by that Trust. At 31st March, 1995 the Trust held 7,124,948 Ordinary Shares (1994 8,884,057).

During the year Mr Bosonnet held no notifiable interests in the shares of the Company or of S.G. Warburg Group plc.

At the date of his appointment to the Board, Mr Causer was beneficially interested in 1,540 shares of the Company and had no interest in the shares of the ultimate holding company, S.G. Warburg Group plc.

At 31st March, 1995 the following directors held options to subscribe for Ordinary Shares of 5p each in the Company:

Director	1st April 1994	31st March 1995	Exercise period	Exercise price	Market price at date of exercise
H A Stevenson	250,000	250,000	13th November, 1995 – 13th November, 2002	320p	–
P Stormonth Darling	499,000	499,000	4th March, 1990 – 27th January, 1996	90p	–

During the year no options were granted to directors and none were exercised.

The market price of shares in Mercury Asset Management Group plc at 31st March, 1995 was 753p. The price of shares during the year ranged from 538p to 799p.

At the date of his appointment to the Board, Mr Causer held options (granted on 9th June, 1994) to subscribe for 10,000 Ordinary Shares of 5p each in the Company at a price of 562p per share.

Under normal circumstances, options are exercisable as to one half after three years from the date of grant. The balance is exercisable only if certain conditions relating to growth in the Company's annualised earnings per share over a five year period are fulfilled. The exercise period for options held by Mr Stormonth Darling, which were originally granted on 4th March, 1987, was extended by the Board in 1992 on his retirement as an executive director.

No changes to the directors' interests in shares at 31st March, 1995 as set out above had been notified up to 1st June, 1995, save for changes in the number of shares held by the Mercury Asset Management Group Employee Trust.

During the year, insurance for directors and officers was provided through participation in a Directors' and Officers' Liability Insurance policy maintained by S.G. Warburg Group plc within the terms of Section 310(3) of the Companies Act 1985. This insurance is intended to indemnify directors and officers of the group against proceedings arising from acts carried out on behalf of the group.

GROUP CHANGES

Significant changes in the group structure are detailed below. A full list of subsidiary and associated companies will be attached to the Company's annual return and filed with the Registrar of Companies.

Following approval at an Extraordinary General Meeting of the Company held on 29th June, 1994, the group acquired the 50 per cent. interest in Mercury Asset Management Overseas B.V. which it did not already own. Mercury Asset Management Overseas B.V. owns 100 per cent. of the shares in Bank S.G.Warburg A.G.

On 18th October, 1994, the Company disposed of a 100 per cent. interest in Argos Soditic S.A., a company incorporated in Switzerland, and a 50 per cent. interest in Euroknights Management & Advisers Ltd., incorporated in Jersey, by means of a sale to a related party, Mr M Dwek. Mr Dwek is a related party in respect of his directorship of S.G.Warburg & Co. Ltd., a fellow subsidiary of S.G.Warburg Group plc. The disposal, for a net consideration of £1.0m, was carried out on an arm's length basis and the independent adviser, Cazenove & Co., reported that in their opinion the terms of the transaction were fair and reasonable to the Company.

S.G.Warburg Asset Management Kapitalanlagegesellschaft mbH, our fund management subsidiary in Germany, commenced operations on 22nd November, 1994.

On 23rd November, 1994, the entire issued share capital of Buzzacott Investment Management Limited was acquired by Mercury Asset Management plc. At the date of acquisition, the company had funds under management of £61 million, managed on behalf of charities and private investors.

EMPLOYMENT POLICIES

The Company has achieved accreditation as an "Investor in People". It is the policy of the group to provide employees with information on matters of concern to them as employees and to consult with them on a regular basis. Subject to the constraints of confidentiality of clients' affairs, employees are kept informed of developments within the group through newsletters and by the distribution of announcements released to the press. Information provided to shareholders is also made readily available to staff. Measures are taken to foster a common awareness on the part of all employees of the financial and economic factors affecting the performance of the group.

The involvement of employees in the group's performance is encouraged through participation in profit related pay and profit sharing schemes. In addition, certain senior employees, including directors, have been granted options under the group's share option scheme and participate in a long term performance related emolument scheme under which participants benefit from upward movements in the market price of the Company's shares over an extended period. During the year, a new long term performance related scheme was introduced under which each participant is entitled, once certain conditions have been satisfied, to receive an amount equivalent to the value of a number of the Company's shares.

It is the policy of the group to give full and fair consideration to applications for employment from disabled people having regard to their particular aptitudes and abilities. Should employees become disabled, every effort is made to retain them in their employment or to consider them for other positions. For the purposes of training, career development and promotion, disabled employees are treated in the same way as other employees.

SUBSTANTIAL INTERESTS

At 31st March, 1995, S.G.Warburg Group plc held, through a subsidiary, 136,440,438 Ordinary Shares in the Company and the Mercury Asset Management Group Employee Trust held 7,124,948 Ordinary Shares in the Company representing 75 per cent. and 3.9 per cent., respectively, of the issued ordinary share capital. So far as the directors are aware, no other person has a notifiable interest in the ordinary share capital of the Company.

The directors have been notified of subsequent changes in these substantial interests to the effect that, as at 1st June, 1995, S.G.Warburg Group plc held, through a subsidiary, 136,475,594 Ordinary Shares in the Company and the Mercury Asset Management Group Employee Trust held 7,009,821 Ordinary Shares in the Company, representing 75 per cent. and 3.9 per cent., respectively, of the issued ordinary share capital.

FIXED ASSETS

Information relating to changes in fixed assets is given in notes 10 and 11 on the Accounts.

CHARITABLE CONTRIBUTIONS

The total sum donated during the year by the Company and its subsidiaries to charitable organisations in the UK was £235,000. The group matches contributions made by all UK employees under a "Give As You Earn" scheme. The group also matches donations made by employees to certain specified charities. We continue to provide financial support for a youth enterprise centre in Brixton.

GROUP SERVICES

Certain services, including custody services, internal audit and personnel services, have been supplied to the group by subsidiaries of S.G. Warburg Group plc under an agreement dated 5th March, 1987 as amended by an agreement relating to custody services dated 1st April, 1991. The terms of this agreement (other than provisions relating to non-competition) will continue to apply notwithstanding the forthcoming acquisition of the investment banking business of S.G. Warburg group by Swiss Bank Corporation. The Company's auditors have reviewed the costs of such services and have confirmed to the directors that in their opinion the allocation of costs is fair and reasonable.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company is to be held at 12 noon on Monday, 3rd July, 1995 at 33 King William Street, London EC4R 9AS. Full details of the resolutions to be proposed at the Annual General Meeting, which constitute Ordinary Business of the Company, are given in the Notice of Meeting and Explanatory Notes on pages 45 and 46.

An Extraordinary General Meeting of the Company will be held immediately after the Annual General Meeting to deal with Special Business, to approve amendments to the Company's Articles of Association and to approve the transactions required for the reconstruction of S.G. Warburg Group plc. An accompanying circular gives full details of the resolutions to be proposed at this meeting.

The directors believe that all the resolutions are in the best interests of the Company and its shareholders and accordingly recommend shareholders to vote in favour of the resolutions. The directors intend to vote in favour of these resolutions in respect of their own beneficial shareholdings which amount to 2,133,899 Ordinary Shares, representing 1.2 per cent. of the issued ordinary share capital.

CORPORATE GOVERNANCE

A summary of the Company's compliance with The Code of Best Practice established by the Cadbury Committee is set out on page 11. The Company's auditors have confirmed to the Board that, based on their review of the paragraphs relevant to that review, in their opinion, such summary reflects the Company's compliance with the Code. The Company's auditors have also confirmed that, in their opinion, the directors have complied with the disclosures required by paragraph 4.6 of the Code relating to going concern (as supplemented by the related guidance for directors) and that the directors' statement on going concern is not inconsistent with the information of which they are aware from their audit work. The auditors were not required to perform additional work necessary to express an opinion, and did not express any opinion on the effectiveness of the Company's corporate governance procedures or the ability of the Company and the group to continue in operational existence.

AUDITORS

A resolution proposing the reappointment of Ernst & Young as auditors will be submitted to the Annual General Meeting.



By order of the Board
C B Farquharson
Secretary

33 King William Street
London EC4R 9AS
2nd June, 1995

REPORT OF THE AUDITORS

To the members of Mercury Asset Management Group plc

We have audited the financial statements on pages 24 to 44 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 29.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 11, the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

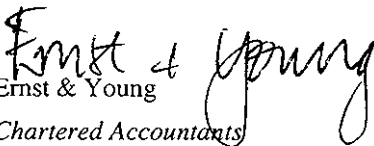
BASIS OF OPINION

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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 and of the group at 31st March, 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Chartered Accountants
Registered Auditor

London

2nd June, 1995

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 1995	Note	1995 £000	1994 £000
TURNOVER	2	255,018	221,451
Operating costs	3	(166,199)	(133,023)
Operating profit		88,819	88,428
Other income		7,601	4,929
Share of profits of associated undertakings		2,904	7,470
Net interest receivable	4	12,202	8,716
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	111,526	109,543
Taxation	6	(32,989)	(32,118)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		78,537	77,425
Minority interests		(193)	339
Profit attributable to members of the parent company	7	78,344	77,764
Dividends	8	(45,449)	(39,031)
RETAINED PROFIT FOR THE YEAR		32,895	38,733
EARNINGS PER ORDINARY SHARE	9	43.1p	42.9p

Movements in reserves are set out in note 20.

CONSOLIDATED BALANCE SHEET

At 31st March, 1995	Note	1995 £000	1994 £000
FIXED ASSETS			
Tangible assets	10	15,967	11,582
Investments	11	5,088	32,308
		21,055	43,890
CURRENT ASSETS			
Life assurance assets	13	336,042	154,763
Debtors	14	133,397	111,410
Investments	15	189,360	145,055
Loans and advances		76,437	—
Cash and short term deposits	16	140,380	111,764
		875,616	522,992
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts due to policyholders	13	(336,042)	(154,763)
Deposits by banks		(62,848)	—
Customer accounts		(45,234)	—
Other creditors	17	(191,858)	(180,588)
		239,634	187,641
NET CURRENT ASSETS			
		260,689	231,531
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR			
	18	(24,350)	(15,954)
		236,339	215,577
CAPITAL AND RESERVES			
Called up share capital	19	9,096	9,086
Share premium account	20	43,478	43,185
Other reserves	20	125	125
Profit and loss account	20	179,124	159,218
		231,823	211,614
EQUITY SHAREHOLDERS' FUNDS			
Minority interests		4,516	3,963
		236,339	215,577

COMPANY BALANCE SHEET

At 31st March, 1995	Note	1995 £000	1994 £000
FIXED ASSETS			
Investments	11	16,430	16,430
CURRENT ASSETS			
Debtors	14	113,674	86,813
Investments	15	767	10,944
Cash and short term deposits	16	506	1,846
		114,947	99,603
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other creditors	17	(77,887)	(62,928)
NET CURRENT ASSETS		37,060	36,675
TOTAL ASSETS LESS CURRENT LIABILITIES		53,490	53,105
CAPITAL AND RESERVES			
Called up share capital	19	9,096	9,086
Share premium account	20	43,478	43,185
Other reserves	20	125	125
Profit and loss account	20	791	709
EQUITY SHAREHOLDERS' FUNDS		53,490	53,105

H A Stevenson

D J Causer

2nd June, 1995

H. A. Stevenson
D. J. Causer

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 1995	Note	1995 £000	1994 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	112,122	97,941
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		18,634	10,821
Interest paid		(6,518)	(2,471)
Dividends received from associated undertakings		702	1,278
Dividend income		1,568	1,112
Dividends paid		(39,843)	(27,640)
NET CASH OUTFLOW FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE		(25,457)	(16,900)
TAXATION			
UK corporation tax paid		(20,831)	(18,487)
Overseas tax paid		(7,994)	(4,606)
TOTAL TAX PAID		(28,825)	(23,093)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(11,369)	(5,715)
Sale of tangible fixed assets		1,344	2,801
Purchase of subsidiary undertakings	22	(26,459)	(4,500)
Sale of subsidiary undertaking		1,267	2,049
Purchase of associated undertakings		(936)	—
Sale of associated undertakings		330	—
Purchase of current asset investments		(201,482)	(327,912)
Sale of current asset investments		180,608	309,011
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(56,697)	(24,266)
NET CASH INFLOW BEFORE FINANCING		1,143	33,682
FINANCING			
Issue of ordinary share capital	23	303	1,558
NET CASH INFLOW FROM FINANCING		303	1,558
INCREASE IN CASH AND CASH EQUIVALENTS	24	1,446	35,240

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31st March, 1995	1995 £000	1994 £000
Profit for the financial year	78,344	77,764
Exchange adjustments	6,786	1,467
TOTAL RECOGNISED GAINS AND LOSSES	85,130	79,231

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

For the year ended 31st March, 1995	1995 £000	1994 £000
OPENING EQUITY SHAREHOLDERS' FUNDS	211,614	174,300
Profit for the financial year	78,344	77,764
Dividends	(45,449)	(39,031)
Exchange adjustments	6,786	1,467
New share capital subscribed	303	1,558
Goodwill written off	(19,775)	(4,444)
CLOSING EQUITY SHAREHOLDERS' FUNDS	231,823	211,614

NOTES ON THE ACCOUNTS

1 ACCOUNTING POLICIES

The format of the balance sheet has been changed (see note 12). The accounting policies set out below have been consistently applied, except for the change referred to in (b) below.

a Accounting convention The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b Basis of consolidation The consolidated financial statements are based on the financial statements of the Company and its subsidiaries for the year ended 31st March, 1995. In accordance with the provisions of the draft UITF abstract, Accounting for Employee Share Ownership Plans, the assets and liabilities of the Mercury Asset Management Group Employee Trust have been included in the consolidated financial statements and the comparative figures at 31st March, 1994 have been restated.

c Translation of foreign currencies Monetary assets and liabilities in foreign currencies have been translated at exchange rates ruling at the balance sheet date. The results of overseas subsidiaries and associated undertakings have been translated at average rates for the year.

Exchange differences arising on the translation of net assets of overseas subsidiaries and associated undertakings are taken to reserves and all other differences are dealt with through the profit and loss account.

d Depreciation of tangible fixed assets Tangible fixed assets are capitalised and are written down to their estimated residual value by equal monthly instalments over their expected useful lives, as follows:

Leasehold property and improvements	Fifteen years or term of lease if shorter
Motor vehicles	Four years
Office fixtures and furniture	Five years

e Investments Investments in associated undertakings are carried at the attributable share of their net tangible assets. Money market instruments and listed investments are shown at the lower of cost and market value and unlisted investments at the lower of cost and directors' valuation.

f Life assurance assets Marketable securities included in life assurance assets are shown at market value. The value of the assets and liabilities of long term assurance funds is determined by independent actuarial valuations.

g Pension fund contributions Funded defined benefit pension schemes cover the majority of the group's permanent employees. Contributions made to the pension funds operated by the group and the charge in the profit and loss account are based on advice from external actuaries.

h Post retirement benefits other than pensions The cost of providing post retirement benefits other than pensions is provided over the expected service life of employees based on advice from external actuaries.

i Deferred taxation Provision for deferred taxation is made on a full provision basis in respect of post retirement benefits. Deferred taxation balances are recognised on other timing differences to the extent that they are expected to reverse in the future without being replaced. No provision is made for any additional taxation liability which might arise on the remittance of retained profits of overseas subsidiaries or associated undertakings.

j Goodwill Any excess of consideration over the fair value of net assets acquired or arising on the consolidation of subsidiaries or investments in associated undertakings is written off against reserves in the year of acquisition.

k Leases Payments under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

2 TURNOVER AND SEGMENTAL INFORMATION

Turnover, all of which arises from continuing activities, comprises fees, commissions and other charges, including preliminary management charges and profits on sales of unit trusts and offshore funds.

The group has one principal activity which is the provision of investment management and advisory services; as a consequence no analysis by business type is provided. Because a large proportion of the group's overseas clients are serviced from the UK the directors do not consider that the following analysis, which has been provided in order to comply with Statement of Standard Accounting Practice 25, gives a fair reflection of the importance of the group's international business. Turnover, profit on ordinary activities before taxation and net assets by geographical segment are analysed as follows:

	1995 £000	1994 £000
<i>Turnover by location of client</i>		
UK (including Channel Islands)	210,693	195,229
Other Europe	18,333	11,576
Rest of World	31,733	24,581
	260,759	231,386
Less: associated undertakings	(5,741)	(9,935)
	255,018	221,451
<i>Turnover by location of operating company</i>		
UK (including Channel Islands)	232,898	213,960
Other Europe	13,456	7,463
Rest of World	14,405	9,963
	260,759	231,386
Less: associated undertakings	(5,741)	(9,935)
	255,018	221,451
<i>Profit before taxation by location of operating company</i>		
UK (including Channel Islands)	98,160	101,603
Other Europe	9,534	5,592
Rest of World	3,832	2,348
	111,526	109,543
<i>Net assets by location of operating company</i>		
UK (including Channel Islands)	149,148	166,953
Other Europe	69,137	34,396
Rest of World	18,054	14,228
	236,339	215,577

3 OPERATING COSTS

Operating costs include the costs of services provided to the Company and its subsidiaries by S.G.Warburg & Co. Ltd. for which charges are made in accordance with agreements dated 5th March, 1987 and 1st April, 1991.

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £000	1994 £000
<i>Profit on ordinary activities before taxation is stated after crediting:</i>		
Interest receivable – fellow subsidiaries	5,956	7,632
– other	12,789	3,539
Income from listed investments	668	1,051
<i>and after charging:</i>		
Auditors' remuneration	342	212
Auditors' remuneration for non-audit services in the UK	606	509
Depreciation	5,790	5,007
Interest payable – fellow subsidiaries	3,785	2,453
– other	2,758	2
Net payments under operating leases	8,426	7,604

5 DIRECTORS AND EMPLOYEES

a Directors

	1995 £000	1994 £000
<i>Emoluments including pension contributions:</i>		
Fees	125	133
Other emoluments excluding performance related payments	1,612	1,619
Annual performance related payments	1,898	1,919
Pension contributions	528	354
	4,163	4,025

The information relating to performance related payments includes amounts payable in respect of the year under the group-wide profit sharing scheme and under a senior executive bonus scheme in which there are 415 (1994 320) participants. In addition to the performance related payments shown above, provision has been made for long term performance related emoluments arising under schemes covering 219 (1994 206) participants including certain directors of the Company. The schemes entitle the participants, once certain conditions have been satisfied, to benefit from upward movements in the market price of the Company's shares over an extended period, or to benefit from amounts equivalent to the value of a number of the Company's shares. Payments and other appropriations of £0.8 million (1994 £nil) have been made to directors in respect of the schemes. The schemes have been in operation since 1989 and at the balance sheet date the estimated future liability under the schemes, which is subject to the fulfilment of certain conditions, was £68.4 million (1994 £44.2 million) including £24.1 million in respect of directors. The present value of such estimated future liability is substantially offset by investments held by an employee trust, including holdings of the Company's shares purchased in the market.

5 DIRECTORS AND EMPLOYEES continued

The emoluments, before taxation and excluding pension contributions, of the directors who discharged their duties wholly or mainly in the UK fell within the following bands:

Above £000	Not above £000	Number of directors		Above £000	Not above £000	Number of directors	
		1995	1994			1995	1994
10	15	2	2	380	385	1	–
25	30	1	1	405	410	1	–
50	55	1	1	430	435	1	–
60	65	–	1	445	450	–	1
205	210	1	–	460	465	–	1
250	255	–	1	485	490	1	1
270	275	–	1	535	540	–	1
280	285	–	1	580	585(a)	1*	–
325	330	1	–	630	635	1	–
370	375	–	2	860	865(b)	1*	–

*Including long term performance related emoluments which have accrued over the period since 1989; the amount shown in the table above includes payments in the year ended March, 1995 as follows: (a) £287,000; and (b) £522,000.

Each of the executive directors of the Company is a participant in long term performance related schemes established by the group. Benefits arising from such schemes are included in the above table only to the extent that payments thereunder have been made during the year.

The above table includes the emoluments of the Chairman, which were £487,000 (1994 £461,000) of which £250,000 (1994 £225,000) represents annual performance related emoluments. The table also includes the emoluments of the highest paid director, which were £861,000 (1994 £538,000) of which £200,000 (1994 £300,000) represents annual performance related emoluments. In addition, pension contributions were made on behalf of the Chairman of £121,000 (1994 £41,000) and on behalf of the highest paid director of £299,000 (1994 £41,000).

Performance related emoluments are determined by the Senior Appointments and Remuneration Committee, which evaluates the contribution of each of the executive directors by reference to individual management and professional performance and to competitive market conditions. Such emoluments may consist of cash bonuses and/or long term incentive emoluments with a deferred vesting period.

b Employees The average number of employees of the group, including directors, during the year ended 31st March, 1995 was 853 (1994 637) of which 103 are employed by Bank S.G. Warburg A.G. (1994 nil). Employment costs include total compensation (including variable compensation) of £47,417,000 (1994 £42,016,000) together with profit sharing and profit related pay of £2,370,000 (1994 £4,967,000), social security charges of £2,531,000 (1994 £2,132,000) and other pension costs of £3,658,000 (1994 £4,260,000).

c Post retirement benefits Total pension costs for the group were £3,658,000 (1994 £4,260,000) of which £652,000 (1994 £437,000) relates to overseas schemes.

The charge to the profit and loss account in respect of the main scheme represents the regular pension cost advised by the actuaries and costs of discretionary pension increases adjusted for valuation and provision differences spread over the estimated average remaining service life of employees in the fund.

5 DIRECTORS AND EMPLOYEES continued

Actuarial valuations of the main scheme are undertaken at least triennially, the most recent being at 1st October, 1994. The actuarial method used was the projected unit method and the principal annual rate assumptions applied in the valuation were that the return on investment would exceed the general rate of increase in pensionable salaries by 2 per cent. and the rate of increase in pensions by 4 per cent. The market value of the scheme's assets at that date was £52,503,000, and the valuation disclosed a level of funding of 113 per cent. The actuarial surplus has arisen principally as a result of an increase in value of the scheme's assets and consequently no further contributions will be made to the scheme until July 1996. At 31st March, 1995 the provision for future contributions to the scheme was £1,564,000 (1994 £427,000).

The actuarial valuation of post retirement benefits other than pensions was based upon the same principal assumptions as were applied in the latest pension scheme valuation and the provision at 31st March, 1995 was £4,207,000 (1994 £3,515,000). The charge to the profit and loss account for the year ended 31st March, 1995 was £692,000 (1994 £561,000).

6 TAXATION

	1995 £000	1994 £000
UK corporation tax at 33 per cent.	19,761	24,184
Overseas taxation	10,071	8,534
Taxation on associated undertakings' profits	959	2,446
Tax on franked investment income	829	478
Deferred taxation (note 14)	1,683	(3,424)
Adjustment relating to prior years	(314)	—
	32,989	32,118

7 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

In accordance with the exemption allowed by Section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. The profit dealt with in the financial statements of the parent company was £45,531,000 (1994 £36,672,000).

8 DIVIDENDS

	1995 Pence per Ordinary Share	1994 Pence per Ordinary Share	1995 £000	1994 £000
Interim paid	4.5	4.0	7,861	7,049
Final proposed	21.5	18.5	37,588	31,982
	26.0	22.5	45,449	39,031

The trustees of the Mercury Asset Management Group Employee Trust have waived substantially all of their entitlement to the interim and proposed final dividends in respect of the year ended 31st March, 1995. Consequently the interim and proposed final dividends have been reduced by £328,000 (1994 £346,000) and £1,525,000 (1994 £1,635,000) respectively.

9 EARNINGS PER ORDINARY SHARE

Earnings per Ordinary Share are calculated on profit on ordinary activities after taxation and minority interests of £78,344,000 (1994 £77,764,000) and on 181,840,494 Ordinary Shares, representing the average number of shares in issue during the year ended 31st March, 1995 (1994 181,408,096).

10 FIXED ASSETS - TANGIBLE ASSETS

	Leasehold property and improvements £000	Motor vehicles £000	Office fixtures and furniture £000	Total £000
<i>Cost</i>				
At 1st April, 1994	773	5,394	19,783	25,950
Exchange adjustment	31	44	218	293
Additions	1,460	2,625	7,284	11,369
Disposals	(416)	(1,541)	(853)	(2,810)
At 31st March, 1995	1,848	6,522	26,432	34,802
<i>Depreciation</i>				
At 1st April, 1994	461	2,069	11,838	14,368
Exchange adjustment	25	15	154	194
Charge for year	220	1,224	4,346	5,790
Disposals	(330)	(602)	(585)	(1,517)
At 31st March, 1995	376	2,706	15,753	18,835
<i>Net book amounts</i>				
At 31st March, 1995	1,472	3,816	10,679	15,967
At 1st April, 1994	312	3,325	7,945	11,582

11 FIXED ASSETS - INVESTMENTS

Group

The group's investment in associated undertakings is as follows:

	£000
Share of net tangible assets at 1st April, 1994	32,308
Additions	936
Disposals	(330)
Reclassification as subsidiary (note 12)	(30,815)
Reclassification of provisions	1,925
Exchange adjustment	(179)
Share of profits for the year	1,945
Dividends receivable	(702)
Share of net tangible assets at 31st March, 1995	5,088

Company

The investment in subsidiaries at 31st March, 1995 and 1994 of £16,430,000 represents the Company's 100 per cent. holding of the issued share capital of Mercury Asset Management plc and Mercury Asset Management Holdings Ltd. The Company's principal subsidiary and associated undertakings are set out in note 29 and a full list of subsidiary and associated undertakings will be attached to the Company's annual return.

12 ACQUISITIONS AND DISPOSALS

The group made the following acquisitions and disposals during the year:

Mercury Asset Management Overseas B.V.

On 29th June, 1994 the group acquired the 50 per cent. interest in Mercury Asset Management Overseas B.V. (formerly Mercury Prag Holdings B.V.) which it did not previously own. Mercury Asset Management Overseas B.V. is an investment holding company whose principal asset is a 100 per cent. interest in Bank S.G. Warburg A.G. (formerly Bank S.G. Warburg Söditic A.G.). The consideration, including expenses, was £47,800,000 and was satisfied in full by cash. The group has used acquisition accounting with effect from 1st April, 1994 when control of Mercury Asset Management Overseas B.V. was obtained. Goodwill arising on acquisition has been written off to reserves. The format of the consolidated balance sheet has been changed so as to identify separately the banking assets and liabilities of the group.

12 ACQUISITIONS AND DISPOSALS continued

The consolidated profit after taxation of Mercury Asset Management Overseas B.V. for the year ended 31st March, 1994 was £7,320,000 of which £3,660,000 was attributable to minority interests.

The fair value of the net assets acquired is set out below:

	Book value at 31st March, 1994 £000	Fair value adjustment £000	Fair value £000
Tangible fixed assets	51	—	51
Fixed asset investments	2,419	(873)	1,546
Debtors	5,396	(204)	5,192
Current asset investments	24,000	(56)	23,944
Loans and advances	84,681	—	84,681
Cash and short term deposits	62,021	—	62,021
Deposits by banks	(67,549)	—	(67,549)
Customer accounts	(45,822)	—	(45,822)
Other creditors	(20,215)	17,781	(2,434)
	44,982	16,648	61,630

The fair value adjustments represent the restatement of certain items in accordance with the group's accounting policies. Goodwill arising on the acquisition is set out below:

	£000
Total fair value of assets	61,630
Share of assets previously owned	(30,815)
Fair value of assets at 1st April, 1994	30,815
Cash consideration	(47,534)
Acquisition expenses	(266)
Goodwill	(16,985)

12 ACQUISITIONS AND DISPOSALS continued

Buzzacott Investment Management Limited

On 23rd November, 1994 the group acquired the entire share capital of Buzzacott Investment Management Limited. The initial consideration of £2,262,000 has been satisfied by the issue of loan notes. Payment of deferred consideration up to a maximum of £750,000 is contingent upon the retention of clients. Acquisition expenses were £40,000. At the time of the acquisition, the fair value of the net assets was £262,000, which did not differ significantly from book value. The group has used acquisition accounting to account for the purchase and goodwill of £2,790,000 has been charged to reserves.

Disposals

On 18th October, 1994 the group disposed of a 100 per cent. interest in Argos Seditic S.A. and a 50 per cent. interest in Euroknights Management & Advisers Ltd. for a total consideration equal to their net asset values of £1,019,000.

On 30th June, 1994 Seditic Asset Management S.A., an associated undertaking, was disposed for a consideration equal to its net asset value of £578,000.

13 LIFE ASSURANCE ASSETS

The assets and liabilities of Mercury Life Assurance Company Ltd., an indirectly wholly owned subsidiary of the Company engaged in the provision of pension products, are as follows:

	1995 £000	1994 £000
Investments listed in the UK	334,259	148,002
Current assets	6,732	7,827
Current liabilities	(4,949)	(1,066)
Life assurance assets	336,042	154,763
Amounts due to policyholders	336,042	154,763

Movements in the value of life assurance assets are reflected in amounts due to policyholders.

14 DEBTORS

	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
Trade debtors	77,311	75,753	—	—
Other debtors*	40,584	23,435	—	—
Amounts due from fellow subsidiaries	10,508	5,545	9,678	1,500
Amounts due from subsidiaries	—	—	103,996	85,313
Deferred tax arising after one year	4,994	6,677	—	—
	133,397	111,410	113,674	86,813
<i>Deferred tax is made up as follows:</i>				
Accelerated capital allowances	1,535	1,479	—	—
Other timing differences	3,459	5,198	—	—
	4,994	6,677	—	—
Balance brought forward	6,677	3,253	—	—
Profit and loss account	(1,683)	3,424	—	—
Balance carried forward	4,994	6,677	—	—

*Other debtors include advance corporation tax recoverable of £9,397,000 (1994 £7,996,000) falling due after one year.

15 CURRENT ASSETS - INVESTMENTS

	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
Money market instruments*	113,722	87,287	—	10,000
Listed in the UK	41,582	26,073	—	—
Listed overseas	5,291	1,580	439	602
Unlisted	11,049	8,716	328	342
Own shares	17,716	21,399	—	—
	189,360	145,055	767	10,944

*Money market instruments include certificates of deposit issued by S.G. Warburg & Co. Ltd. of £22,000,000 (1994 £22,000,000).

The market value of money market instruments held by the group at 31st March, 1995 was £113,749,000 (1994 £87,293,000) and of listed investments £49,225,000 (1994 £29,659,000). The market value of listed investments held by the Company at 31st March, 1995 was £554,000 (1994 £790,000). The directors consider that the value of unlisted investments at that date was not less than book amount. Own shares represent a holding of 7,124,948 Ordinary Shares of 5p each (1994 8,884,057) in Mercury Asset Management Group plc by an employee trust. The nominal and market values of the Ordinary Shares in Mercury Asset Management Group plc at 31st March, 1995 were £356,000 (1994 £444,000), and £53,651,000 (1994 £54,282,000) respectively.

16 CASH AND SHORT TERM DEPOSITS

	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
<i>Bank balances with:</i>				
S.G.Warburg & Co. Ltd. and subsidiary	64,032	78,545	413	1,749
Other	76,348	33,219	93	97
	140,380	111,764	506	1,846

17 OTHER CREDITORS

	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
Loan notes	2,262	-	-	-
Bank loans and overdrafts*	24,573	27,254	22,000	22,000
Amounts due to fellow subsidiaries	2,017	1,574	201	210
Amounts due to subsidiaries	-	-	8,178	-
Trade creditors and accruals	80,159	88,211	10	43
Taxation	45,259	31,567	9,910	8,693
Proposed dividend	37,588	31,982	37,588	31,982
	191,858	180,588	77,887	62,928

*Bank loans and overdrafts at 31st March, 1995 and 1994 include £22,000,000 due to S.G.Warburg & Co. Ltd. secured by the deposit of money market instruments of an equivalent amount.

The loan notes were issued during the year as consideration for the acquisition of the entire issued share capital of Buzzacott Investment Management Limited. These loans are unsecured and bear interest at LIBOR less 0.5 per cent. which is payable in arrears on 30th June and 30th December each year. Repayment is on demand, in whole or in part, on any interest payment date up to, and including, 30th June, 2004.

18 CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
Trade creditors and accruals*	17,400	8,515	-	-
Taxation	6,950	7,439	-	-
	24,350	15,954	-	-

*Trade creditors and accruals include the capital fund of the Mercury Asset Management Group Employee Trust.

19 CALLED UP SHARE CAPITAL

	Allotted, called up and fully paid	Nominal value £
At 1st April, 1994	181,714,378	9,085,719
Exercise of share options during the year	206,205	10,310
At 31st March, 1995	181,920,583	9,096,029

The authorised share capital of the Company comprises 250,000,000 Ordinary Shares of 5p each, with an aggregate nominal value of £12,500,000.

At 31st March, 1995, certain former and current executives of the group held options to subscribe for Ordinary Shares in the Company of 5p each as follows:

1995	Number of shares 1994	Option prices	Exercisable not later than
542,750	564,625	90.0p	4th March, 1997
11,250	50,625	99.6p	11th December, 1997
14,705	26,160	120.0p	7th July, 1998
101,250	143,125	142.8p	6th December, 1998
138,750	229,375	186.0p	22nd June, 1999
47,900	61,400	171.2p	23rd November, 2000
250,000	250,000	320.0p	13th November, 2002
1,062,500	—	562.0p	9th June, 2004
25,000	—	624.0p	28th November, 2004

In each case the options were granted ten years before the expiry dates shown above and at the time of grant were exercisable as to one half after three years from the date of grant, the balance being exercisable only if certain conditions relating to the performance of the group were satisfied. On the posting of these accounts to shareholders, such conditions will have been satisfied in respect of all options exercisable not later than 23rd November, 2000. During the year, options over 1,127,500 Ordinary Shares were granted and options over 52,500 shares lapsed.

20 RESERVES

	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
<i>Group</i>				
At 1st April, 1994	43,185	125	159,218	202,528
Arising on issue of Ordinary Shares	293	—	—	293
Retained profit for the year	—	—	32,895	32,895
Goodwill written off	—	—	(19,775)	(19,775)
Other reserve movements	—	—	6,786	6,786
At 31st March, 1995	43,478	125	179,124	222,727
<i>Company</i>				
At 1st April, 1994	43,185	125	709	44,019
Arising on issue of Ordinary Shares	293	—	—	293
Retained profit for the year	—	—	82	82
At 31st March, 1995	43,478	125	791	44,394

The group profit and loss account at 31st March, 1995 includes £2,770,000 (1994 £8,195,000) relating to associated undertakings.

The cumulative amount of goodwill written off to 31st March, 1995 was £33,362,000 (1994 £13,587,000).

21 NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995 £000	1994 £000
Operating profit	88,819	88,428
Depreciation	5,790	5,007
Increase in debtors	(10,773)	(37,352)
Decrease in loans and advances	6,562	—
Decrease in short term deposits	9,900	—
Decrease in deposits by banks	(2,148)	—
Increase in other creditors	3,303	37,329
Other deferrals and accruals	5,090	5,181
Exchange adjustments	5,579	(652)
	112,122	97,941

22 PURCHASE OF SUBSIDIARY UNDERTAKINGS

The net outflow of cash in respect of the purchases of the outstanding 50 per cent. interest in Mercury Asset Management Overseas B.V. and the entire issued share capital of Buzzacott Investment Management Limited is analysed as follows:

	£000
Cash consideration	47,840
Cash and cash equivalents acquired	(21,381)
Net outflow of cash and cash equivalents	26,459

Mercury Asset Management Overseas B.V. and Buzzacott Investment Management Limited contributed £7,769,000 to the group's net operating cashflow, received £5,153,000 in respect of return on investments and servicing of finance, paid £2,216,000 in respect of taxation and received £569,000 from investing activities.

23 FINANCING

	Share capital (including share premium) £000	Minority interests £000
At 1st April, 1993	50,713	1,728
Cash inflow from financing	1,558	-
Exchange adjustments	-	279
Other movements	-	1,956
At 31st March, 1994	52,271	3,963
Cash inflow from financing	303	-
Exchange adjustments	-	360
Other movements	-	193
At 31st March, 1995	52,574	4,516

24 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1995 £000	Movement £000	1994 £000	Movement £000	1993 £000
Cash and short term deposits	139,290	27,526	111,764	31,694	80,070
Loans and advances	56,188	56,188	-	-	-
Deposits by banks	(39,415)	(39,415)	-	-	-
Customer accounts	(45,234)	(45,234)	-	-	-
Bank overdrafts	(24,573)	2,681	(27,254)	5,343	(32,597)
Current asset investments*	22,460	(300)	22,760	(1,797)	24,557
Total cash and cash equivalents	108,716	1,446	107,270	35,240	72,030

*Current asset investments comprise money market investments of £22,000,000 (1994 £22,000,000) and investments listed in the UK of £460,000 (1994 £760,000).

The consolidated balance sheet includes cash and short term deposits of £1,090,000, loans and advances of £20,249,000 and deposits by banks of £23,433,000 which fall outside the definition of cash and cash equivalents prescribed by Financial Reporting Standard 1.

25 FINANCIAL COMMITMENTS

At 31st March, 1995 contracted capital expenditure amounted to £8,500,000 (1994 £nil) and authorised but not contracted capital expenditure amounted to £14,970,000 (1994 £5,796,000).

At 31st March, 1995 the group had annual commitments under non-cancellable operating leases in respect of land and buildings as set out below (1994 £7,378,000):

	£000
<i>Operating leases which expire:</i>	
Within one year	140
Between one and five years	610
In over five years	8,160
	8,910

26 CONTINGENT LIABILITIES

The group had contingent liabilities arising from acceptances, guarantees and letters of credit amounting to £50,990,000 at 31st March, 1995 (1994 £nil) all of which relate to Bank S.G. Warburg A.G.

27 BROKERS' AND CLIENTS' BALANCES

Purchases and sales of securities for clients other than unit trusts are undertaken by the group, acting as agents, and may be transacted on behalf of the group by fellow subsidiaries. Accordingly, balances with brokers and clients in respect of these transactions are not shown in the group's balance sheet.

28 ULTIMATE HOLDING COMPANY

At 31st March, 1995, the Company's ultimate holding company was S.G. Warburg Group plc, registered in England. S.G. Warburg Group plc has included this Company in group accounts, a copy of which will be filed with the Registrar of Companies in due course.

At an Extraordinary General Meeting of S.G. Warburg Group plc held on 1st June, 1995, the shareholders approved the sale of the investment banking business of the S.G. Warburg group to Swiss Bank Corporation. It is intended that the sale will be followed by a Scheme of Arrangement, the effect of which will be that S.G. Warburg Group plc will cease to be the ultimate holding company.

29 PRINCIPAL SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS

The principal subsidiaries and associated undertakings at 31st March, 1995, all of which are engaged in investment management, advisory and related services, are shown below. Unless otherwise stated, all subsidiaries operate and are registered in England, are wholly owned and, with the exception of Mercury Asset Management plc and Mercury Asset Management Holdings Ltd., are indirectly held.

Subsidiaries	Place of incorporation
Mercury Asset Management plc	
Bank S.G. Warburg A.G.	Switzerland
Buzzacott Investment Management Limited†	
Grosvenor Ventures Limited*	
Mercury Asset Management Group Services Ltd	
Mercury Asset Management Holdings Ltd	
Mercury Asset Management International Holding B.V.	The Netherlands
Mercury Fund Managers Ltd	
Mercury Investment Services Ltd	
Mercury Life Assurance Company Ltd	
S.G. Warburg Asset Management Kapitalanlagegesellschaft mbH	Germany
S.G. Warburg Asset Management Luxembourg S.A.	Luxembourg
Warburg Asset Management Canada Ltd	Canada
Warburg Asset Management Hong Kong Ltd	Hong Kong
Warburg Asset Management Isle of Man Holdings Ltd	Isle of Man
Warburg Asset Management Japan Ltd	Japan
Warburg Asset Management Jersey Ltd	Jersey
Warburg Asset Management Singapore Pte. Ltd	Singapore
Warburg Investment Management International Ltd	
Warburg Investment Trust Management Company Ltd (60.1% owned)	Japan

Associated undertakings	Issued share capital	% held	Accounts prepared to
Munich London Investment Management Ltd (registered in England)	75,000 shares of £1	50	31st March
NBK Investment Management Limited (registered in England)	3.1 million shares of 39p	40	31st December*
Potter Warburg Asset Management Ltd (incorporated in Australia)	5 million shares of A\$1	50	31st March

The principal places of operation of the above companies correspond to the countries of incorporation.

†Results based on audited accounts to 5th October, 1994 and unaudited management accounts to 31st March, 1995.

*Results based on audited accounts to 31st December, 1994 and unaudited management accounts to 31st March, 1995.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the members of Mercury Asset Management Group plc will be held at 33 King William Street, London EC4R 9AS at 12 noon on Monday, 3rd July, 1995 for the following purposes:

AS ORDINARY BUSINESS

Resolutions will be proposed:

- 1 To receive the Accounts for the year ended 31st March, 1995 together with the reports of the directors and auditors thereon.
- 2 To declare a final dividend of 21.5p per Ordinary Share for the year ended 31st March, 1995.
- 3 To elect directors. The following directors of the Company retire at the Annual General Meeting and will be proposed for re-election:
 - (a) Mr A S Dalton
 - (b) Miss C Galley
 - (c) Mr F D S Rosier
 - (d) Mr S A Zimmerman
 - (e) Mr D J Causer

Special notice has been received of an intention to propose the following resolution:

- (f) That Sir Alfred Shepperd, having attained the age of 70 years, be and is hereby reappointed as a director of the Company.
- 4 To reappoint Ernst & Young as auditors of the Company and to authorise the directors to determine their remuneration.

By order of the Board
C B Farquharson
Secretary

33 King William Street
London EC4R 9AS
2nd June, 1995

Notes

- 1 A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. To be valid, the instrument appointing a proxy, and the power of attorney or other authority (if any) under which it has been executed, or a notarially certified copy of such power or authority, must be received at the office of the Company's registrars, Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for holding the Meeting.
- 2 No service contracts exist between the Company and any director of the Company which are not determinable within one year without payment of compensation (other than statutory compensation).

EXPLANATORY NOTES

Resolution 1

The directors of the Company have a duty to present to shareholders in general meeting the annual accounts of the Company, together with the directors' report and the report of the auditors. The auditors' report can be found on page 23 of this report.

Resolution 2

The directors recommend that a final dividend of 21.5p per ordinary share be paid to shareholders on the register at the close of business on 9th June, 1995. If approved by shareholders, the final dividend will be paid on 10th July, 1995.

An interim dividend of 4.5p per ordinary share was paid on 19th December, 1994.

Resolution 3

The Company's Articles of Association require a proportion of the directors to retire at each Annual General Meeting. In accordance with this provision, Mr Dalton, Miss Galley, Mr Rosier and Mr Zimmerman will retire by rotation and seek re-election as directors. Mr Causer, having been appointed to the Board since the last Annual General Meeting, is also required to offer himself for re-election. In addition, Sir Alfred Shepperd will have reached the age of seventy by the time of this year's AGM and will therefore retire in accordance with Section 293 (3) of the Companies Act 1985. Special notice of the resolution to re-appoint Sir Alfred as a director has been received by the Company.

Resolutions relating to the re-election of directors will be voted upon separately, unless it is agreed otherwise by the meeting.

Resolution 4

This resolution proposes the re-appointment of Ernst & Young as the Company's auditors until the next Annual General Meeting of the Company and authorises the directors to determine the remuneration to be paid to the auditors.

The directors believe that the above resolutions are in the best interests of the Company and its shareholders and accordingly recommend shareholders to vote in favour of the resolutions.

DIRECTORS OF PRINCIPAL OPERATING COMPANY

MERCURY ASSET MANAGEMENT plc

Joint Chairmen

D W J Price S A Zimmerman

Deputy Chairmen

C Galley C N Hurst-Brown F D S Rosier

Vice Chairmen

I C S Barby R J Bunce A S Dalton C V Jackson P W Urquhart

I Armitage	P J Gibbs	P V Olsberg
N M Bachop	P J W Harrison	C H Ong
T J Berger	P Harwood	R L Paris
D T A Boyle	T J Haston	J Parsloe
M A J Bradshaw	J A Heyworth-Dunne	A P Pickard
C C Brooke	A M Hunter Johnston	R W Pullen
J L Callahan	M F M O Jodrell	J W Richards
D J Causer	A C J Lehmann	N K Ritchie
T W G Charlton	G A Lindsay	A F J Roe
C M Clark	G Lowe	R G Royds
N J Coats	R J MacLeod	L C Ruddick
S B Cohen	P R C Marshall	C J Shaw
J N Cotton	K R Mullins	I M Slack
G R Dixon	M Nishizawa	H A Stevenson
C B Farquharson	R J Oldfield	B W Woolf
C N H Foster		

DIRECTORS OF BUSINESS DIVISIONS

UK INSTITUTIONS

<i>Chairman</i>	<i>Select</i>	N M Bachop
C Galley	J W Richards	D T A Boyle
<i>Deputy Chairmen</i>	G N Withers	P F Curtin
R J Bunce	<i>Specialist</i>	P Harwood
P W Urquhart	M A J Bradshaw	A J Hudson
<i>Vice Chairman</i>	<i>Special Mandates</i>	A J Lennard
R W Pullen	T W G Charlton	R J W Milliken
<i>Managed Fund Service</i>	<i>International</i>	T A Oates
A M Hunter Johnston	G Lowe	E K Paterson
<i>Alpha</i>	<i>Marketing</i>	A P Pickard
K R Mullins	C M Clark	C D Poil
J E Macpherson	<i>Client Administration</i>	C Robertson
<i>Mercury</i>	S R G Newton	S R G Roden
P J Gibbs		L C Ruddick
T J Haston		I M Slack
		C W Snow
		J G Stevenson
		R G Todd
		E J Wood
		S A Zimmerman

Mercury Development Capital	Quantitative & Derivatives	Property
<i>Managing Director</i>	G R Dixon	P V Olsberg
I Armitage	C N H Foster	I D Mason
L G Dibden	A S Wolman	
J B Douglas		
W Edge		
F C Jacob		
J W Sharman		
N T Turner		
L Wilding		

PRIVATE INVESTORS

Chairman
F D S Rosier

UK Private Clients

Vice Chairman
M F M O Jodrell

Managing Director
A F J Roe

I E Bailey
A H Beck
R S Dawes
R D C Dunbar
R R Madeley
S C O'Neill
J B M Peto
J G Ruck Keene
S J Solomon
M G Wells

Charities

Managing Director
A C Akers
J J Foster
R Marriott*
A H H Pettigrew

International Private Clients

Deputy Chairman
I C S Barby

Managing Director
N J Coats

J N Cotton
J Gatehouse
P J W Harrison
O M Lewisohn*
J N C McClintock
J C M Mellor
D M F Scott
M H Shallcross

Bank S.G. Warburg A.G.

Chairman
M Dwek

Vice Chairmen
O M Lewisohn
D W J Price

T Bär*
J Baschy*
D J Causer
P Eisenring*
J A Keller*
F D S Rosier

General Managers
G Haus
G D Weil

Deputy General Managers
F Affolter
I C S Barby

Jersey

Chairman
F D S Rosier

Managing Director
D Ferguson

A J Arnold*
S A Clark
J N Cotton
J Gillespie
R D Jackson
R R Jeune*
F P Le Feuvre
G A Lindsay
D A Oldfield
R E R Rumboll*
L Y P A Wong

Unit Trusts

Chairman
F D S Rosier

Managing Director
R G Royds

Investment Director
B W Woolf

N J Charrington
R J S Clarke
P T Geikie-Cobb
C M Littlejohns
S R G Newton
M J N Stewart*
K E Wake
S M Wood

Investment Trusts

Managing Director
J L Callahan

Sales & Marketing

Chairman
R G Royds
N J Charrington
J Gordon-Smith
R R Madeley
M P Morrissey
J L M Pursaill
F D S Rosier

Mercury Life Assurance

Chairman
F D S Rosier

Managing Director
M S Walker

C M Clark
M H M Reid*
R G Royds

*non-executive

INTERNATIONAL
CLIENTS

Institutional

President

H A Stevenson

Chairmen

A S Dalton

C N Hurst-Brown

Deputy Chairman

C V Jackson

I S Allison

D W Armstrong

J G A Baring

N M Beaton

T J Berger

C C Brooke

E Cameron Watt

H Cator

S B Cohen

J M Coyle

T R Darvall

C J Fellingham

S Fukuyama

D R Graham

J A Heyworth-Dunne

T C Holland

A C J Lehmann

T R H Love

N G Lupton

R J MacLeod

J Makita

J C L Marber

P R C Marshall

J N C McClintock

P E Nicholas

M Nishizawa

S A Nusseibeh

C H Ong

M J O'Shannassy

R L Paris

N K Ritchie

P Swarbreck

T Ueda

P A Walker-Duncalf

S Yamamoto

K Yoshida

North America

Chairman

P Stormonth Darling*

Managing Director

R J Oldfield

C C Brooke

S W Golann

R J MacLeod

J E Nelson

D M F Scott

Canada

Chairman

P Stormonth Darling*

M H Brillon

R S C Donald*

R J Oldfield

Germany

Chairman

H A Stevenson

Deputy Chairman

L Wille

T J Berger

A S Dalton

J Reimnitz

W Wanke

Managing Directors

F Bichlmaier

H Schuessler

Hong Kong

Chairman

A S Dalton

Managing Director

C H Ong

S Fukuyama

J Gatehouse

L Y P A Wong

Japan

Chairman

A S Dalton

President

C J Shaw

T Nomura*

**Japan (Investment
Trust Management Company)**

President

Y Takayama

Managing Directors

K Asai

S Ikeda

K Arao

T Sugaya

Singapore

Chairman

A S Dalton

D W Armstrong

D R Graham

C H Ong

S K Ooi

*non-executive

GROUP SERVICES AND
OFFSHORE COMPANIES

**Mercury Asset Management
Group Services**

Chairman

D W J Price

S J Baxter

D J Causer

C B Farquharson

G A Lindsay

J Parsloe

J F M Rodwell

J T Stratford

P M Summerfield

P J Wharton

J R W Williamson

G E J Wood*

Luxembourg

Chairman

A S Dalton

I C S Barby

T R Darvall

D Ferguson

G A Lindsay

J J Pye

H Schuessler

F Tesch*

Isle of Man

Chairman

C P Drinkwater*

L G Bell*

N J Charrington

P M Cowley*

D Ferguson

R C Spencer

ASSOCIATED
COMPANIES

**Potter Warburg Asset
Management**

Chairman

C B Goode

Managing Director

S A Mays

I C S Barby

L G Cox

W P Gurry

G T Kryger

R J Oldfield

D W J Price

* non-executive

GROUP OFFICES

UNITED KINGDOM

33 King William Street
London EC4R 9AS
Telephone (0171) 280 2800
Facsimile (0171) 280 2820

AUSTRALIA

25th Floor, 101 Collins Street
Melbourne, VIC 3000
Telephone (3) 9277 8100
Facsimile (3) 9277 8280

BAHRAIN

(Representative office)
PO Box 15645, 9th Floor
Bahrain Commercial Complex
Manama 316
Telephone (973) 534848
Facsimile (973) 536736

CANADA

Suite 603, 1080 Beaver Hall Hill
Montreal, Quebec H2Z 1S8
Telephone (514) 874 0180
Facsimile (514) 874 1982

GERMANY

Taunusanlage 11
D-60329 Frankfurt am Main
Telephone 692 72100 (MAMVG)
Facsimile 692 7210430 (MAMVG)

Telephone 692 72100 (KAG)
Facsimile 692 7210410 (KAG)

HONG KONG

25th Floor, Alexandra House
16-20 Chater Road, Central
Telephone 2868 6808
Facsimile 2846 7760

ISLE OF MAN

12-13 Hill Street
Douglas IM1 1EF
Telephone (01624) 662255
Facsimile (01624) 662850

JAPAN

Hibiya Kokusai Building, 19th Floor
2-2-3 Uchisaiwaicho, Chiyoda-ku
Tokyo 100
Telephone (3) 3595 3300
(3) 3592 8911
Facsimile (3) 3595 3310

JERSEY

Forum House, Grenville Street
St. Helier JE4 8RL
Telephone (01534) 600600
Facsimile (01534) 600687

LUXEMBOURG

14 rue Léon Thyès, B.P. 1058
L-1010 Luxembourg
Telephone 421211
Facsimile 421216 50

THE NETHERLANDS

(Representative office)
Herengracht 564
1017 CH Amsterdam
Telephone 31 20 5510 180
Facsimile 310 20 5510 185

SINGAPORE

16 Collyer Quay, #09-00
Hitachi Tower
Singapore 0104
Telephone 538 9488
Facsimile 538 9622

SPAIN

(Representative office)
Alfonso XII, 30 - 5th Floor
E-28014 Madrid
Telephone 1 420 3083
Facsimile 1 420 3657

SWITZERLAND

Gartenstrasse 26
CH-8039 Zurich
Telephone (1) 201 24 00
Facsimile (1) 201 24 14

118 rue du Rhône

CH-1211 Geneva 3
Telephone (22) 786 1000
Facsimile (22) 786 0142

TAIWAN

(Representative office)
13th Floor, 109 Min Sheng East Road
Section 3, Taipei
Telephone (886-2) 717 5606
Facsimile (886-2) 712 9524

UNITED STATES OF AMERICA

780 Third Avenue, 34th Floor
New York NY 10017
Telephone (212) 751 8340
Facsimile (212) 751 8553