

Company Number: 1418340

KLEINWORT BENSON OVERSEAS HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1995



REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is that of an investment holding company. The Company purchased a new subsidiary during the year called Kleinwort Benson Research GmbH (formerly Dresdner International Research Institute GmbH). The Company owns 100% of Kleinwort Benson Research GmbH's share capital.

As described in note 9, the Company has, since the year end, issued Guaranteed Floating Rate Notes.

RESULTS AND DIVIDENDS

The results of the Company for the year are set out in detail on page 5. No interim dividend was paid during the year (1994 - £5,300,000). The directors did not recommend the payment of a final dividend (1994 - £11,000,000). A retained profit of £913,735 (1994 - loss £16,312,805) has been transferred to reserves.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

P E Churchill-Coleman
R C H Jeens

On 4 March 1996 Mr R C H Jeens resigned and Mr S P Ball was appointed as a director. On 7 May 1996 Mr S A Jack was appointed as a director.

The interests of P E Churchill-Coleman in the shares, options and debentures of Group companies are shown in the directors' report of Kleinwort Benson Limited. The interests of R C H Jeens in the shares, options and debentures of Group companies are shown in the directors' report of Kleinwort Benson Group plc.

Neither of the directors had any other disclosable interests in the shares or debentures of any Group company. The directors are exempt from disclosing their interests in the shares or debentures of the ultimate parent company, Dresdner Bank AG, as it is incorporated outside the UK.

CHANGE OF ULTIMATE PARENT

The ultimate parent company is Dresdner Bank AG. On 7 August 1995, Kleinwort Benson Group plc was acquired by Dresdner Investments (UK) plc, a company incorporated in Great Britain and registered in England and Wales. Dresdner Investments (UK) plc is a wholly-owned direct subsidiary of Zenon Beteiligungs GmbH which is itself a wholly-owned direct subsidiary of Dresdner Bank AG.

REPORT OF THE DIRECTORS (CONT'D)

AUDITORS

On 1 February 1996 the auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. Deloitte & Touche have indicated their intention to resign as auditors of the company following the approval of the report and accounts for the year ended 31 December 1995. At that time the directors will appoint Coopers & Lybrand as auditors of the company.

The Company has passed an elective resolution in accordance with section 379A of the Companies Act 1985 to dispense with the annual appointment of the auditors; accordingly, once appointed by the directors, Coopers & Lybrand will remain in office.

20, Fenchurch Street
London, EC3P 3DB

Approved by the Board of Directors
Signed on behalf of the Board


P L Longcroft
Secretary

10th July 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

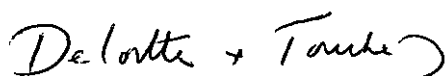
Basis of opinion

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1995, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and
Registered Auditors
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

10th July 1996

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1995

	Note	1995 £	1994 £
Interest receivable		1,227,288	1,166,003
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,227,288	1,166,003
Tax charge on profit on ordinary activities	3	(313,553)	(1,178,808)
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		913,735	(12,805)
Ordinary Dividends	4	-	(16,300,000)
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE YEAR		913,735	(16,312,805)
		<hr/>	<hr/>

For the purposes of Financial Reporting Standard No.3 all activities are continuing and there are no recognised gains or losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

Movements on reserves are shown in note 8 on page 9.

The notes on pages 7 to 9 form part of these financial statements.

BALANCE SHEET

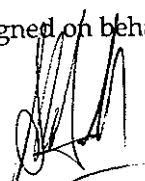
at 31 December 1995

		1995 £	1995 £	1994 £	1994 £
FIXED ASSETS					
Investments	5		8,373,288		7,923,284
CURRENT ASSETS					
Cash		77,988		29,098	
Amounts owed by parent company and fellow subsidiaries		16,029,753		17,532,889	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Amounts owed to parent companies		(9,450,004)		(11,000,000)	
Corporation tax		(397,753)		(768,714)	
		<u>(9,847,757)</u>		<u>(11,768,714)</u>	
NET CURRENT ASSETS			6,259,984		5,793,273
TOTAL ASSETS LESS CURRENT LIABILITIES			14,633,272		13,716,557
PROVISIONS FOR LIABILITIES AND CHARGES	6		(75,654)		(72,674)
			<u>14,557,618</u>		<u>13,643,883</u>
CAPITAL AND RESERVES					
Called up share capital	7		12,953,791		12,953,791
Profit and loss account	8		1,603,827		690,092
EQUITY SHAREHOLDERS' FUNDS			<u>14,557,618</u>		<u>13,643,883</u>

APPROVED BY THE BOARD OF DIRECTORS ON

18 July 1996

Signed on behalf of the Board


 S P Ball
 Director

The notes on pages 7 to 9 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

- a) These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The principal accounting policies which the directors have adopted are set out below.
- b) These financial statements do not include a cash flow statement as required by Financial Reporting Standard No.1 as a consolidated cash flow statement is prepared by Kleinwort Benson Group plc, the UK parent company.
- c) The Company is an investment holding company and has no significant operating expenses. The audit fee and any operating expenses which may have been incurred during the year have been met by Kleinwort Benson Limited, an intermediate parent company. Investments are held at cost less any provision for a permanent diminution in value.
- d) All interest income is received from other group companies
- e) In accordance with Section 228 of the Companies Act 1985, group accounts have not been prepared as the Company is a wholly owned subsidiary of Kleinwort Benson Group plc, in whose accounts the Company's subsidiary undertakings are consolidated.
- f) Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

2. DIRECTORS AND EMPLOYEES

The Company had no employees during the year. In addition no director received any remuneration in respect of his services to the Company.

3. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
Corporation tax at 33% (1994 - 33%)	(396,811)	(768,891)
Deferred taxation (charge)/release	(2,980)	383,045
Prior year adjustment	86,238	(792,962)
	<hr/>	<hr/>
	(313,553)	(1,178,808)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. ORDINARY DIVIDENDS

	1995 £	1994 £
Interim	-	5,300,000
Final	-	11,000,000
	<u>-</u>	<u>16,300,000</u>

5. FIXED ASSET INVESTMENTS

Subsidiary undertakings:	1995 £	1994 £
Cost at 1 January	7,923,284	7,923,284
Additions	450,004	-
Cost at 31 December	<u>8,373,288</u>	<u>7,923,284</u>

The Company has investments in the following subsidiary undertakings:-

	Country of incorporation	Principal activity and country of operation	Description and proportion of shares held by the Company
Kleinwort Benson Finance BV	The Netherlands	Overseas holding company, The Netherlands	101 Dfl 1,000 shares, 100% owned
Kleinwort Benson Research GmbH (formerly Dresdner International Research Institute)	Germany	Research company, Germany	DM 1,000,000 shares, 100% owned

6. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation:	1995 £	1994 £
Balance at 1 January	72,674	455,719
Charge/(Release) to profit and loss account	2,980	(455,719)
Other timing differences	-	72,674
Balance at 31 December	<u>75,654</u>	<u>72,674</u>

The provision is based on a corporation tax rate of 33% (1994 - 33%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised 30,000,000 ordinary shares of £1 each	30,000,000	30,000,000
Allotted and fully paid 12,953,791 ordinary shares of £1 each	12,953,791	12,953,791

8. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

	Issued Share Capital £	Profit and Loss Account £	Total 1995 £	Total 1994 £
At 1 January	12,953,791	690,092	13,643,883	29,956,688
Profit/(Loss)	-	913,735	913,735	(12,805)
attributable to shareholders	-	-	-	(16,300,000)
Dividends	-	-	-	-
At 31 December	12,953,791	1,603,827	14,557,618	13,643,883

9. POST BALANCE SHEET EVENT

Since the year end the Company has issued £600 million Guaranteed Floating Rate Notes due 1997, the proceeds of which have been lent to other companies within the Kleinwort Benson Group. It is intended that these Notes will shortly be listed on the Luxembourg Stock Exchange and that the Company will be converted into a public limited company.

10. ULTIMATE PARENT COMPANY

From 7 August 1995, the ultimate parent company was Dresdner Bank AG, a company incorporated in Germany. Prior to this date, the ultimate parent company was Kleinwort Benson Group plc, a company incorporated in Great Britain and registered in England and Wales which, for consolidation purposes, remains the parent undertaking of the smallest group of which the company is a member. Copies of the accounts of both these companies will be filed in due course at the Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.