

10.10.97

MeesPierson ICS Limited

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MeesPierson ICS Limited

Registered Number 1910192

DIRECTORS

J E Dalmijn
S F Grimwood
R J L Wurfbain
S Van Keulen
P R Koster
K I Ferris
B de Ruigh
P White
R Fitzgerald

SECRETARY

Mrs C E A Douglas

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

PRINCIPAL BANKERS

MeesPierson NV
London Branch
Camomile Court
23 Camomile Street
London EC3A 7PP

REGISTERED OFFICE

Camomile Court
23 Camomile Street
London EC3A 7PP

REGULATED BY THE SECURITIES AND FUTURES AUTHORITY

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 1996.

RESULTS AND DIVIDENDS

The details of the profit for the year and treatment thereof are set out in the profit and loss account on page 6. £877,000 has been transferred to reserves (1995 - £551,000). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's activities during the year included acting as a clearing member for transactions conducted on all major London exchanges including the London International Financial Futures and Options Exchange (LIFFE), the London Stock Exchange (LSE), the London Metal Exchange (LME), the International Petroleum Exchange (IPE), the London Commodity Exchange (LCE), the London Securities and Derivatives Exchange (OMLX) and Tradepoint. In this capacity the company provides finance for its clients' activities. The company also acts as a clearing member for transactions conducted on other major derivative exchanges, mainly in the US and Continental Europe and provides finance for its clients' activities.

FIXED ASSETS

The changes in fixed assets during the year are detailed in notes 10 and 11 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

G A Möller (Managing Director) (resigned 1 March 1996)
S F Grimwood
R J L Wurfbain
S Van Keulen
C E A Douglas (resigned 1 December 1996)
B de Ruigh
P R Koster (appointed 1 November 1996)
K I Ferris (appointed 1 January 1996)
J E Dalmijn (appointed 1 March 1996)
P A Bezemer (appointed 1 March 1996; resigned 1 November 1996)

In addition P White was appointed as a director on the 6 of January 1997 and R Fitzgerald was appointed as a director on 10 February 1997

There are no directors' interests requiring disclosure under the Companies Act 1985.

POST BALANCE SHEET EVENTS

On 6 March 1997 the formal transfer of shares took place, completing the acquisition of the MeesPierson Group by the Fortis Group. The company's new ultimate holding company is Fortis Nederland, a company incorporated in The Netherlands.

AUDITORS

An elective resolution is in place to automatically reappoint Ernst & Young as the company's auditors.

By order of the board


Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of MeesPierson ICS Limited

We have audited the accounts on pages 6 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
London

26 March 1997

MeesPierson ICS Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1996

	Notes	1996 £000	1995 £000
TURNOVER	2	18,977	18,196
Cost of sales		(11,852)	(13,160)
GROSS PROFIT		7,125	5,036
Administrative expenses		(9,828)	(8,673)
Operating exceptional item	3	(387)	(112)
OPERATING LOSS	4	(3,090)	(3,749)
Interest receivable	7	22,902	25,184
Interest payable	8	(18,665)	(20,699)
		4,237	4,485
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,147	736
Taxation on profit on ordinary activities	9	(270)	(185)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	877	551

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £877,000 in the year ended 31 December 1996 and of £551,000 in the year ended 31 December 1995.

MeesPierson ICS Limited

BALANCE SHEET at 31 December 1996

	Notes	1996 £000	1995 £000
FIXED ASSETS			
Tangible assets	10	-	315
Investments	11	6,020	3,309
		<u>6,020</u>	<u>3,624</u>
CURRENT ASSETS			
Debtors	12	796,802	768,907
Cash at bank and in hand		110,928	54,209
		<u>907,730</u>	<u>823,116</u>
CREDITORS: amounts falling due within one year	13	(882,837)	(808,704)
NET CURRENT ASSETS		<u>24,893</u>	<u>14,412</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,913</u>	<u>18,036</u>
CREDITORS: amounts falling due after more than one year	14	(14,500)	(2,500)
		<u>16,413</u>	<u>15,536</u>
CAPITAL AND RESERVES			
Called up share capital	15	5,200	5,200
Profit and loss account	16	11,213	10,336
		<u>16,413</u>	<u>15,536</u>

Director

Director

25 March 1997

NOTES TO THE ACCOUNTS
at 31 December 1996

1. ACCOUNTING POLICIES

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Transaction date accounting

All financial transactions are recorded at the transaction date, and transaction date accounting is used for financial reporting purposes.

Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Office equipment, fixtures and fittings	-	over six years
Computer hardware	-	over six years
Computer software	-	over four years

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the approximate rates of exchange ruling at the date of the transaction. All differences are taken to the profit and loss account.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that these are expected to reverse in the foreseeable future. Provision is made at the rate of tax expected to be in force at the anticipated date of reversal.

Investments

Long term investments are carried at the lower of cost or valuation.

Investment in subsidiary companies

The company's subsidiary companies are all nominee companies, the sole objects of which are to hold investments on behalf of clients. These subsidiaries do not trade and so under the provisions of Section 229 Companies Act 1985, no group accounts need be prepared.

Segregated balances

These are included in the balance sheet at their gross amounts.

Pension scheme

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

NOTES TO THE ACCOUNTS
at 31 December 1996

1. ACCOUNTING POLICIES (continued)

Cash flow statement

The directors have taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 (revised) from producing a cash flow statement.

Related Party Transactions

The directors have taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard 8 from disclosing transactions with related parties.

2. TURNOVER

Turnover represents fees earned, net of rebates, from the continuing business activities of acting as a clearing member for participants on the London International Financial Futures and Options Exchange, the London Stock Exchange, The London Metal Exchange, the International Petroleum Exchange, the London Commodity Exchange, the London Securities and Derivatives Exchange and Tradepoint, as well as on overseas exchanges. All fees are net of value added tax and earned in the UK.

Segmental disclosure of turnover and profit before tax has not been given as the directors believe this would be prejudicial to the interests of the company.

3. OPERATING EXCEPTIONAL ITEM

	1996 £000	1995 £000
Provision for closure costs of Sweden branch	387	112

4. OPERATING LOSS

This is stated after charging/(crediting):

	1996 £000	1995 £000
Auditors' remuneration	76	50
Depreciation	33	44
Loss/(gain) on foreign exchange	192	(93)

In addition to the above, £5,050 (1995 - £11,000) was paid to the auditors in respect of other work carried out for the company in 1996.

MeesPierson ICS Limited

NOTES TO THE ACCOUNTS at 31 December 1996

5. DIRECTORS' EMOLUMENTS

	1996 £000	1995 £000
Emoluments (including pension contributions)	511	398

During the year, emoluments of the chairman, excluding pension contributions, were £Nil (1995 - £Nil) and of the highest paid director, excluding pension contributions, were £115,381 (1995 - £144,783). Directors' emoluments (excluding pension contributions), fell within the following ranges:

	1996 No.	1995 No.
£Nil - £5,000	3	2
£20,001 - £25,000	1	-
£30,001 - £35,000	-	1
£35,001 - £40,000	-	1
£55,001 - £60,000	-	1
£65,001 - £70,000	1	-
£75,001 - £80,000	1	-
£95,001 - £100,000	1	-
£100,001 - £105,000	-	1
£110,001 - £115,000	1	-
£115,001 - £120,000	1	-
£140,001 - £145,000	-	1

6. STAFF COSTS

	1996 £000	1995 £000
Wages and salaries	3,195	2,615
Social security costs	344	322
Other pension costs	95	96
	3,634	3,033

The average weekly number of employees during the year was as follows:

	1996 No.	1995 No.
Floor	39	44
Back office	37	27
Administration	12	17
	88	88

MeesPierson ICS Limited

NOTES TO THE ACCOUNTS at 31 December 1996

7. INTEREST RECEIVABLE

	<i>1996</i> <i>£000</i>	<i>1995</i> <i>£000</i>
Amounts receivable from group undertakings	223	651
Other amounts receivable	22,679	24,533
	<u>22,902</u>	<u>25,184</u>

8. INTEREST PAYABLE

	<i>1996</i> <i>£000</i>	<i>1995</i> <i>£000</i>
Amounts payable to group undertakings	5,526	7,175
Other amounts payable	13,139	13,524
	<u>18,665</u>	<u>20,699</u>

9. TAXATION

The taxation charge is made up as follows:

	<i>1996</i> <i>£000</i>	<i>1995</i> <i>£000</i>
Corporation tax at 33% (1995 - 33%) based on profit for the year	75	-
Underprovision for prior years	12	185
Group relief payable	183	-
	<u>270</u>	<u>185</u>

Due to the availability of group relief the tax charge for the year is reduced below the standard rate.

MeesPierson ICS Limited

NOTES TO THE ACCOUNTS at 31 December 1996

10. TANGIBLE FIXED ASSETS

	<i>Fixtures, fittings and equipment £000</i>	<i>Computer software £000</i>	<i>Total £000</i>
Cost:			
At 1 January 1996	221	140	361
Disposals	(221)	(140)	(361)
At 31 December 1996	-	-	-
Depreciation:			
At 1 January 1996	21	25	46
Provided during the year	14	19	33
Disposals	(35)	(44)	(79)
At 31 December 1996	-	-	-
Net book value:			
At 31 December 1996	-	-	-
At 1 January 1996	200	115	315

11. INVESTMENTS

	<i>£000</i>
At 1 January 1996	3,309
Additions	2,732
Disposals	(21)
At 31 December 1996	6,020

The principal investment is in LIFFE Holdings plc which is incorporated in Great Britain and registered in England and Wales. No provision for diminution in value has been made as the company's directors do not believe its value to be less than cost.

The company beneficially controls 100% of the share capital of the following undertaking, which is registered in England and Wales.

<i>Company</i>	<i>Principal business</i>
MeesPierson ICS Nominees Limited	Nominee company

The company beneficially controls 50% of the share capital of the following undertaking which is registered in England and Wales. The remaining 50% is owned by a fellow subsidiary undertaking:

<i>Company</i>	<i>Principal business</i>
Shaw ICS Nominees Limited	Nominee company

MeesPierson ICS Limited

NOTES TO THE ACCOUNTS at 31 December 1996

12. DEBTORS

	1996 £000	1995 £000
Amounts owed by group undertakings	–	11,341
Trade debtors	790,523	753,611
Other debtors and prepayments	6,279	3,955
	<u>796,802</u>	<u>768,907</u>

Trade debtors represents amounts receivable from clients and settlement offices in the ordinary course of business. The company charges against current earnings such amounts as the directors believe to be adequate as a provision for doubtful debts. The amounts stated above are net of a provision for doubtful debts of £199,261 (1995 - £92,247).

13. CREDITORS: amounts falling due within one year

	1996 £000	1995 £000
Amounts owed to group undertakings	215,133	228,642
Trade creditors	663,984	575,620
Other creditors	181	–
Corporation Tax	27	30
Accruals and deferred income	3,512	4,412
	<u>882,837</u>	<u>808,704</u>

Included under accruals and deferred income is a provision of £Nil (1995 - £709,000) for future lease costs on vacant premises.

14. CREDITORS: amounts falling due after more than one year

	1996 £000	1995 £000
Amounts owed to group undertaking - subordinated loan	<u>14,500</u>	<u>2,500</u>

Additional subordinated loans of £7 million and £5 million were provided to the company on 16 April 1996 and 18 June 1996, respectively. Interest is payable at six month LIBOR plus 3/4 per cent, and the loan is repayable on the expiry of a period not less than six months from the date of written notice. It is not expected that notice will be given in the next year.

15. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1996 £000	1995 £000	1996 £000	1995 £000
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>5,200</u>	<u>5,200</u>

NOTES TO THE ACCOUNTS
at 31 December 1996

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 1995	5,200	9,785	14,985
Profit for the year	-	551	551
At 1 January 1996	5,200	10,336	15,536
Profit for the year	-	877	877
At 31 December 1996	5,200	11,213	16,413

17. STATEMENT OF RESPONSIBILITY FOR DISCHARGING OVERHEADS

The company is not fully responsible for discharging its overheads. A fellow subsidiary undertaking, MeesPierson Management Services Limited, charged a management fee of £2,113,258 based on employee numbers and allocated floor space during 1996 (1995 - £1,790,000) for services provided and expenses incurred on behalf of the company.

18. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of, and its results are included in the consolidated accounts of MeesPierson Holdings (UK) Limited, a company registered in England.

The company's ultimate parent company is ABN-Amro Holding NV, a company incorporated in The Netherlands and the largest group undertaking producing consolidated accounts. The consolidated accounts may be obtained from ABN-Amro Holding NV at 22 Foppingadreef, Amsterdam.