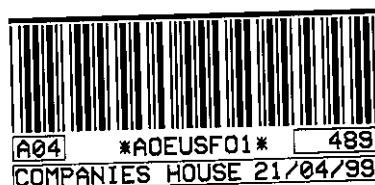


Rathbone Neilson Cobbold Limited
(Registered Number: 2048889)

Report and Financial Statements
For the year ended 31st December 1998



Fraser Russell
Chartered Accountants

RATHBONE NEILSON COBBOLD LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

CONTENTS

	Page
Directors' Report	1 - 3
Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 - 14

RATHBONE NEILSON COBBOLD LIMITED
REPORT OF THE DIRECTORS
For the year ended 31st December 1998

The directors submit their report and financial statements for the year ended 31st December 1998.

Principal activities

The principal activity of the company during the year has continued to be stockbroking and investment management.

Review of the business and future development

The conversion of existing and attraction of new clients to the investment management services has successfully progressed during the year.

The business focus for the current financial year will be to co-ordinate the amalgamation of Rathbone Neilson Cobbold's stockbroking and investment management business with the Rathbone Group.

The directors consider that whilst the convergence programme of the Rathbone and Neilson Cobbold businesses has produced significant synergetic advantages in the 1998 financial year, the further rationalisation of the businesses in the current financial year will further enhance profitability.

The directors are optimistic that on the basis of the current level of trading, results for the current financial year will be satisfactory.

The Group has been and is addressing Millenium Compliance for all its financial, operating and facilities management systems. The Directors have established a detailed programme to deal with Year 2000 Compliance and this programme should be completed well before the end of the year.

Results for the year

The profit for the year before dividends was £3,732,499 (1997: £1,753,671). An interim dividend of £95,333 was paid during the year. The directors recommend the payment of a final dividend of £2,000,000 (1997: nil). The retained profit of £1,637,166 (1997 : retained profit £1,753,671) has been transferred to reserves.

Policy on the payment of creditors

The Company does not follow a published Code or Standard on payment practices. The policy of the Company is to fix terms of payment with suppliers in accord with their requirements and the financial procedures of the Company whether for single or continuous supplies, to ensure that suppliers and relevant company departments are aware of those terms subject to expeditious resolution of any disagreement regarding the supply. Trade creditors at 31st December 1998 represented 30 days of annual purchases (1997: 30 days)

Directors and their interests

The directors serving during the year were as follows:

M.H. Pearson (Chairman)
R. Anderson
N.D. Bankes
T.J. Bolton Carter
J.L. Clegg
P.J. Coke
R.C. Corfield
H.M.C. Cunningham
P.V. Dickens
Mrs L.A.C. Dodd
Ms J.M. Dussartre

W.F. Forsyth
J.R. Fox
Viscount Lifford
P.A.C. Moore
M.P. Purvis
A.J. Ravenscroft
P.J. Renison
M.J. Sawbridge
W.A. Walls

R. Newman resigned from the Board on 30th April 1998

RATHBONE NEILSON COBBOLD LIMITED
(Formerly Neilson Cobbold Limited)

REPORT OF THE DIRECTORS

For the year ended 31st December 1998
(continued)

Directors and their interests (continued)

No director holds any direct interest in the shares of the company.

The directors' interests in the shares of Rathbone Brothers plc at 1st January 1998 and 31st December 1998 were as follows:

	At 1st January 1998 Rathbone Brothers Plc Ordinary 5p shares		At 31st December 1998 Rathbone Brothers Plc Ordinary 5p shares	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
M.H. Pearson	164,710	33,653	183,751	-
R.A. Anderson	40,147	-	52,000	-
N.D. Bankes	84,755	2,387	113,466	6,421
T.J. Bolton-Carter	-	-	24,937	-
J.L. Clegg	-	-	10,722	-
P.J. Coke	8,208	-	19,693	-
R.C. Corfield	41,128	-	64,689	-
H.M.C. Cunningham	71,167	19,438	40,289	22,432
P.V. Dickens	56,890	-	77,669	3,192
Mrs L.A.C. Dodd	3,205	-	13,455	3,205
Ms J.M. Dussartre	102,726	-	89,706	-
W.F. Forsyth	11,410	-	7,151	4,892
J.R. Fox	1,500	-	2,088	1,500
Viscount Lifford	36,938	-	70,491	-
P.A.C. Moore	17,738	-	26,040	-
R. Newman	-	-	-	-
M.P. Purvis	4,500	-	21,988	-
A.J. Ravenscroft	174,679	-	222,522	-
P.J. Renison	149,519	-	150,000	-
M.J. Sawbridge	83,332	-	-	-
W.A. Walls	100,160	-	141,000	-

The ultimate parent company has granted options to subscribe for 5p ordinary Shares under the terms of the Rathbone Neilson Cobbold Employee Share Option Scheme as follows:

	Number of options		Exercise Price	Date from which exercisable	Expiry date
	at 01.01.98	at 31.12.98			
Mrs L.A.C. Dodd	10,083	10,083	132.6p	24.11.97	24.11.04

No directors' options were exercised during the year.

The market price of the shares in Rathbone Brothers Plc was 540p at 31st December 1998. The range in the year to 31st December 1998 was 367.5p to 646.5p.

RATHBONE NEILSON COBBOLD LIMITED

REPORT OF THE DIRECTORS

**For the year ended 31st December 1998
(continued)**

Donations

During the year the company made charitable donations of £9,673 (1997 : £1,699). No political donations were made.

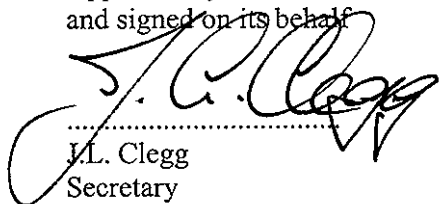
Statement of Directors' responsibilities

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 and of the profit or loss of the company for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Approved by the board on 25th March 1999
and signed on its behalf



.....
J.L. Clegg
Secretary

Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
RATHBONE NEILSON COBBOLD LIMITED**

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

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 these 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 affairs of the company at 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Fraser Russell,
Fraser Russell
Chartered Accountants
Registered Auditors

4 London Wall Buildings
Blomfield Street
London
EC2M 5NT

25th March 1999

RATHBONE NEILSON COBBOLD LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1998

	Note	1998 £	1997 £
Turnover	1	16,227,954	12,527,639
Staff costs	2	(6,135,060)	(4,712,574)
Depreciation		(26,599)	(51,958)
Other operating charges		(5,131,506)	(5,237,727)
Operating profit		4,934,789	2,525,380
Exceptional item:-			
Reorganisation costs	4	-	(274,935)
Dividend receivable		45,835	40,332
Interest receivable		677,560	348,904
Interest payable	3	(143,743)	(148,501)
Profit on ordinary activities before taxation	4	5,514,441	2,491,180
Taxation	6	(1,781,942)	(737,509)
Profit on ordinary activities after taxation		3,732,499	1,753,671
Dividends	7	(2,095,333)	-
Retained profit for the year	16	£1,637,166	£ 1,753,671

Recognised gains and losses

There were no other recognised gains or losses in the current or preceding year.

Continuing operations

The results for the years reflect continuing operations.

The notes on pages 7 to 14 form part of these financial statements.

At 31st December 1998

These financial statements were approved by the Board on 25th March 1999 and signed on their behalf

L.A.C. Dodd

Directors

H.M.C Cunningham

6

RATHBONE NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 1998

1. Accounting policies

(a) Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(b) Basis of accounting

These financial statements are prepared in accordance with the historical cost convention. No cash flow statement is presented as allowed by FRS1. A group statement is presented in the financial statements of the ultimate holding company.

(c) Turnover

Turnover comprises gross commission and other fees charged to clients on an accruals basis, with the exception of commission and fees arising from the placing of shares which is recognised on a cash received basis.

(d) Computer costs

Expenditure relating to computer hardware and software is capitalised and depreciated in accordance with the stated accounting policy.

(e) Depreciation

Depreciation of fixed assets is calculated to write off their cost on a straight line basis over their estimated useful lives as follows:-

Motor vehicles	-	25% per annum
Fixtures, fittings, office machinery and equipment	-	25% per annum

(f) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date or, where applicable, the rates of exchanged fixed under the terms of relevant forward contracts. Profits and losses on exchange are included in the profit and loss account.

(g) Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

(h) Pension costs

The charge against profits for the financial year is equal to the amount of contributions payable to pension schemes in respect of the accounting year.

RATHBONE NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 1998

(continued)

1. Accounting policies (continued)

(i) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material differences to the extent that it is probable that a liability or asset will crystallise.

(j) Clients' deposits

The company holds money on behalf of clients in accordance with the Client Money Rules of The Securities and Futures Authority Limited. Such monies and the corresponding liability to clients are not shown on the face of the balance sheet as the company is not beneficially entitled thereto. The amount held on behalf of clients at the financial year end is stated in note 21.

(k) Cash flow statement

The company, being a wholly owned subsidiary of a UK company, has taken advantage of the exemptions available to it and has not produced a cash flow statement.

(l) Consolidation

The financial statements provide information about the company as a single entity and not as a group.

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Rathbone Brothers plc, a company incorporated in Great Britain, which prepares group financial statements. This is permitted by Section 229 of the Companies Act 1985.

2. Employees

	1998 No.	1997 No.
The average number of staff, including directors, employed by the company during the year was	208	210
	<hr/>	<hr/>
The costs incurred in respect of these employees were:	£	£
Wages and salaries	5,509,434	4,219,551
Social security costs	508,607	394,091
Other pension costs	117,019	98,932
	<hr/>	<hr/>
	£6,135,060	£4,712,574
	<hr/>	<hr/>

RATHBONE NEILSON COBBOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 1998
(continued)

3.	Interest payable	1998 £	1997 £
	On loans and bank overdrafts repayable within five years	5,072	668
	On subordinated loan repayable to group holding company wholly or partly in more than five years	138,671	147,833
		<u>£143,743</u>	<u>£148,501</u>
4.	Profit on ordinary activities before taxation is stated after charging:	1998 £	1998 £
	Auditors; remuneration - for audit	46,567	37,425
	- for prior year audit (over)/under provision	1,341	(13,575)
	- other services	20,000	-
	Depreciation	26,599	51,958
	Operating lease rental	253,574	322,994
	Exceptional purchase of short position stock	659,864	-
	Exceptional reorganisation costs	-	274,935
		<u></u>	<u></u>

The reorganisation costs in 1997 comprised the costs of moving and include £250,000 provision in respect of future rental obligations.

5.	Directors	1998 £	1997 £
	Emoluments of directors included in staff costs were as follows:		
	Emoluments (including benefits in kind)	1,929,103	1,530,606
	Pension contributions to money purchase schemes	61,622	45,060
		<u>£1,990,725</u>	<u>£1,575,666</u>
	The emoluments, excluding pension contributions, include amounts paid to:		
	Highest paid director	£152,456	£109,346
		<u></u>	<u></u>

No (1997: one) directors are accruing benefits under a defined benefit scheme.

Fourteen (1997: thirteen) directors are accruing retirement benefits under money purchase schemes.

RATHBONE NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 1998
(continued)

6. Taxation

Taxation is based on the profit for the period and comprises:	1998	1997
	£	£
UK Corporation tax at 31% (1997 : 31.5%)		
Current	1,772,250	796,701
(Over)/under provision in respect of prior year	9,692	(7,592)
ACT surrendered free of charge from Neilson Cobbold Holdings plc	-	(51,600)
	<hr/>	<hr/>
	£1,781,942	£737,509
	<hr/>	<hr/>

7. Dividends

Interim dividend of £6.32 per £1 ordinary share (1997 : Nil)	95,333	-
Final dividend of £132.61 per £1 ordinary share (1997 : Nil)	2,000,000	-
	<hr/>	<hr/>
	£2,095,333	-
	<hr/>	<hr/>

8. Tangible fixed assets

	Motor vehicles, fixtures, fittings, office machinery and equipment
Cost	
At 1st January 1998	323,645
Additions	103,606
	<hr/>
At 31st December 1998	£427,251
	<hr/>
Depreciation	
At 1st January 1998	268,186
Charge for the year	26,599
	<hr/>
At 31st December 1998	£294,785
	<hr/>
Net book value	
At 31st December 1998	£132,466
	<hr/>
At 31st December 1997	£ 55,459
	<hr/>

RATHBONE NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 1998

(continued)

9. Fixed asset investments

Cost	Shares In Subsidiary Undertakings £
At 1st January 1998 and At 31st December 1998	£ 26,761

The company has the following subsidiary companies all of which are non-trading, wholly owned and incorporated in Great Britain:

Neilson Milnes Financial Management Limited
Whittlesfield Nominees Limited
Permit Nominees Limited
Futureangle Limited
Cobbold Nominees Limited
Cobbold PEP Nominees Limited
Copthall Nominees Limited
PEP Direct Nominees Limited
Neilson Cobbold Client Nominees Limited

10. Current asset investment	1998 £	1997 £
Long position in securities	£2,211	£ 14,594

The above securities were all listed on a recognised investment exchange and had a market value of £2,250 (1997 : £14,594).

11. Debtors: amounts falling due within one year	1998 £	1997 £
Market and client debtors	10,116,113	9,661,568
Amounts due from group undertakings	791,813	1,445,599
Other debtors	458,556	300,378
Prepayments and accrued income	2,304,805	502,034
	£13,671,287	£11,909,579

Market and Client debtors include £ 604,345 (1997 : £280,965) due from fellow subsidiaries of the ultimate parent undertaking.

RATHBONE NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 1998

(continued)

12. Cash at bank and in hand

Cash at bank includes £ 569,302 (1997 : £1,212,911) received in the course of settlement of clients' bargains. The amount is held by the company in trust on behalf of clients but may be utilised to complete settlement of outstanding bargains.

13. Creditors: amounts falling due within one year	1998 £	1997 £
Bank overdrafts	161,401	893,277
Market and client creditors	9,873,419	7,468,622
Other creditors	703,665	1,076,451
Accruals	547,971	796,887
Amounts due to subsidiary undertakings	1,543,079	26,761
Corporation tax	1,771,453	745,101
Other taxation and social security	252,251	484,510
Proposed Dividend	2,000,000	-
	<u>£16,853,239</u>	<u>£11,491,609</u>

Market and Client creditors include £85,973 (1997 : £92,777) due to fellow subsidiaries of the ultimate parent undertaking

14. Creditors: amounts falling due after more than one year	1998 £	1997 £
Subordinated loan stock	-	£1,500,000
	<u>-</u>	<u>£1,500,000</u>

The subordinated loan stock bore interest payable quarterly in arrears on the first £1,000,000 at 3% per annum plus the rate at which sterling was offered to the Bank of England on the London Inter Bank Market and an interest rate of 3% above the Base Rate of the Bank of Scotland for the balance until 9th August 1998. Thereafter, the interest rate per annum was 3% above the Base Rate of the Bank of Scotland on the whole amount, until 11 December 1998, when the loan was repaid in full. The loan was guaranteed by Neilson Cobbold Holdings plc.

RATHBONE NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 1998
(continued)

15. Share capital	Authorised		Allotted and Fully Paid	
	1998 £	1997 £	1998 £	1997 £
Ordinary shares of £1 each	50,000	50,000	15,082	15,082
Redeemable deferred shares of £1 each	2,950,000	2,950,000	-	-
	<u>£3,000,000</u>	<u>£3,000,000</u>	<u>£15,082</u>	<u>£ 15,082</u>
16. Reserves	Capital redemption reserve £	Share premium account £	Profit and loss account £	Total £
As at 1st January 1998	750,000	1,358,619	2,379,066	4,487,685
Retained profit for the year	-	-	1,637,166	1,637,166
	<u>£750,000</u>	<u>£1,358,619</u>	<u>£4,016,232</u>	<u>£6,124,851</u>
At 31st December 1998				
17. Reconciliation of movements in shareholders' funds	1998		1997	
	£		£	
Opening shareholders' funds	4,502,767		3,499,096	
Profit for the year	3,732,499		1,753,671	
Dividends	(2,095,333)		-	
Redemption of shares	-		(750,000)	
	<u>£6,139,933</u>		<u>£4,502,767</u>	
Closing shareholders' funds				
18. Contingent liabilities				

In the ordinary course of business, the company has given letters of indemnity in respect of lost certified stock transfers and share certificates. The contingent liability arising therefrom cannot be quantified, but in the opinion of the directors, no material liability will arise under these indemnities.

RATHBONE NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 1998
(continued)

19. Financial commitments

Operating leases	Land and buildings		Other assets	
	1998	1997	1998	1997
	£	£	£	£
Payments the company is committed to pay during the next year, relating to commitments which expire:				
Within one year	7,000	33,000	13,812	22,808
In two to five years	150,550	124,550	16,970	372,960
In more than five years	122,860	114,360	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£280,410	£271,910	£30,782	£395,768
	<hr/>	<hr/>	<hr/>	<hr/>

20. Pension costs

The company operates three money purchase pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £ £79,064 (1997 : £98,932) and a recharge from a fellow subsidiary undertaking of £37,955.

Contributions totalling £14,542 (1997 : £6,204) were payable to the funds at the year end and are included in creditors.

21. Clients' deposits

At 31st December 1998 amounts held by the company on behalf of clients in accordance with the Client Money Rules of the Securities and Futures Authority Limited amounted to £ 75,982,420 (1997 : £56,819,712). The company has no beneficial interest in these deposits and accordingly they are not included in the balance sheet.

22. Controlling parties

The company is a subsidiary of Neilson Cobbold Holdings plc, which is registered in England.

The ultimate parent undertaking of the company is Rathbone Brothers Plc, a company registered in England.

Copies of the ultimate parent undertaking financial statements may be obtained from the Company Secretary, Rathbone Brothers Plc, 159 New Bond Street, London, W1Y 9PA.

23. Related party transactions

Advantage has been taken of the exemption provided by Financial Reporting Standard 8 from reporting transactions with group companies.