

BARING INVESTMENT SERVICES LIMITED

Registration Number: 2259590

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2002**



BARING INVESTMENT SERVICES LIMITED

REPORT OF THE DIRECTOR

Baring Asset Management Holdings Limited, the director of the Company, presents its annual report and the audited financial statements of the Company for the year ended 31 December 2002.

Principal Activity

The business of the Company is, and will continue to be, the provision of administrative services to group companies.

Results

The loss for the year amounted to £1,478,823 (2001 Loss of: £1,234,985) and has been transferred to reserves. The director does not recommend that a dividend be paid. (2001: £ NIL).

Employment Policies

The director is committed to equal opportunities with the clear intention that individuals should be judged on their merits and capabilities regardless of sex, age, race, religion, ethnic origin or disability.

The director places considerable emphasis and value on the Company's policy of encouraging internal communication between employees and management. Employees are kept informed on matters which affect them and on the performance of the business as a whole through bulletins, a monthly newsletter and managers' briefing sessions.

The director attaches a high priority to developing the skills of all employees and to their training and, where necessary, their retraining. The performance assessment system assists management in career development and succession planning. Promotion from within the Company is strongly supported.

The Company encourages the involvement of all of its employees in its overall performance and profitability through discretionary bonus and profit sharing incentive schemes, which are based on the financial results of the Company and other subsidiary companies of Baring Asset Management Holdings Limited.

Director

The director who served during the year was:

Baring Asset Management Holdings Ltd

Secretary

J Brace

BARING INVESTMENT SERVICES LIMITED

REPORT OF THE DIRECTOR

Director's Responsibilities

Company law requires the director 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 period. In preparing these financial statements, the director has:

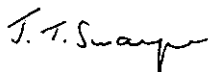
- selected suitable accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the financial statements comply with the Companies Act 1985. It is 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.

Director's Interests

The interests of Baring Asset Management Holdings Limited are disclosed in note 6 to the accounts.

BY ORDER OF THE BOARD



JT Swayne

London
28 April 2003

REPORT OF THE AUDITOR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARING INVESTMENT SERVICES LIMITED.

We have audited the financial statements pages 5 to 17.

This report is solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Director and Auditor

The director is responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 director 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
28 April 2003

8 Salisbury Square
London
EC4Y 8BB

BARING INVESTMENT SERVICES LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Income	2	38,511,319	43,914,634
Administrative expenses	3	(39,540,915)	(44,357,361)
Operating Loss		(1,029,596)	(442,727)
Interest payable to group undertakings		(733,965)	(932,112)
Loss on ordinary activities before taxation		(1,763,561)	(1,374,839)
Tax on Loss on ordinary activities	7	284,738	139,854
Loss for the financial year		(1,478,823)	(1,234,985)
Retained Loss for the year	17	(1,478,823)	(1,234,985)

The notes on pages 7 to 17 form part of these financial statements.

All gains and losses have been recognised in the profit and loss account. In accordance with Financial Reporting Standard No. 3, a Statement of Total Recognised Gains and Losses is therefore not required.

All the results for the year arise from continuing operations.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS FOR THE YEAR
ENDED 31 DECEMBER 2002

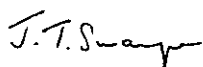
	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Loss for the financial year	(1,478,823)	(1,234,985)
Opening shareholders' funds	(786,443)	448,542
Closing shareholders' funds	(2,265,266)	(786,443)

BARING INVESTMENT SERVICES LIMITED**BALANCE SHEET AT 31 DECEMBER 2002**

	<u>Notes</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Fixed Assets			
Tangible assets	8	12,221,436	14,170,219
Investments	9	113,051	113,051
		<u>12,334,487</u>	<u>14,283,270</u>
Current Assets			
Stocks		12,864	14,156
Debtors	10	8,082,652	8,164,680
Investments	1(i), 11	70,979	3,905,267
Cash at bank and in hand	5	419,125	89,389
		<u>8,585,620</u>	<u>12,173,492</u>
Creditors			
Amounts falling due within one year	12	(5,885,373)	(8,098,119)
Net Current Assets		<u>2,700,247</u>	<u>4,075,373</u>
Total Assets Less Current Liabilities		<u>15,034,734</u>	<u>18,358,643</u>
Creditors			
Amounts falling due after more than one year	13	(17,300,000)	(19,145,086)
Net (liabilities)		<u>(2,265,266)</u>	<u>(786,443)</u>
Capital and Reserves			
Called up share capital	16	100	100
Profit and loss account	17	(2,265,366)	(786,543)
Shareholders' Funds		<u>(2,265,266)</u>	<u>(786,443)</u>

The notes on pages 7 to 17 form part of these financial statements.

The financial statements were approved by the director on 28 April 2003 and signed on its behalf by:



J T SWAYNE
For and on behalf of
Baring Asset Management Holdings Ltd, Director

BARING INVESTMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED **31 DECEMBER 2002**

1. Accounting Policies

a. Basis of Accounting

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £2,265,266, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Baring Asset Management Holdings Limited, the company's immediate holding undertaking. Baring Asset Management Holdings Limited has provided the company with an undertaking for at least 12 months from the date of approval of last year's financial statements and will continue to make available such funds as needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

b. Income

Income is accounted for on an accruals basis and mostly relates to the recovery of costs incurred on behalf of group undertakings.

c. Depreciation

Depreciation is provided on a straight line basis to spread the cost of fixed assets over their expected useful lives as follows:

Leasehold property	-	Not depreciated if lease is greater than 100 years; over the remainder of the lease term if shorter.
Leasehold improvements	- 10 years	
Furniture & fittings	- 10 years	except paintings which are not depreciated.
Office equipment	- 4 years	
Computer equipment	- 2-4 years	

BARING INVESTMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED **31 DECEMBER 2002 (continued)**

d. **Taxation**

Deferred tax is recognised in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

e. **Fixed Asset Investments**

Investments are stated at cost less any permanent diminution based upon the directors' valuation. In the opinion of the directors, the aggregate value of the subsidiary undertakings is not less than the aggregate amount at which the assets are included in the Company's balance sheet.

f. **Foreign Currency Translation**

Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date and gains or losses on translations are included in the profit and loss account. Transactions that are effected in foreign currency are translated into sterling at the rate applicable on the date of the transaction.

g. **Operating Leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

h. **Post-retirement Benefits**

The Company participates in the ING Barings group pension scheme, which includes both defined benefit and defined contribution schemes. The assets of both schemes are held separately from those of the company in independently administered funds.

For the defined contribution scheme the charge against profits represents the contributions payable to the scheme in respect of the current accounting period.

For the defined benefit scheme, benefits are provided based on the final pensionable pay of employees. Such future liabilities are provided for by the accumulation of assets held in the independently administered funds mentioned above. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives.

i. **Long Term Incentive Plan**

The company has made contributions to an independent Guernsey based employee benefit trust that has made conditional awards under the Baring Asset Management Holdings Limited Long Term Incentive Plan ("LTIP") to employee beneficiaries who have undertaken duties on behalf of the Company. The potential value on redemption of the awards is linked to movements in an annual independent valuation of the ordinary shares of Baring Asset Management Holdings Limited.

BARING INVESTMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED **31 DECEMBER 2002 (continued)**

The company has now been advised that all costs and liabilities arising from the LTIP, including adverse market movements on the hedged assets of the Trust compared to its potential liabilities have been underwritten by Baring Asset Management Holdings Limited. Accordingly, the liabilities and net assets of the Trust previously reported in the financial statements of this company have been transferred to Baring Asset Management Holdings Limited to reflect this obligation. Further to this transfer, the shortfall in the hedge as at 31 December 2001, which represented £32k has been written off and included in the results of the company as at 31 December 2002.

Contributions to the Trust are accrued in the profit and loss account in the period to which they relate. All other liabilities arising from the LTIP scheme will be borne by Baring Asset Management Holdings Limited who have underwritten the liabilities of the Trust.

Further implications of such accounting treatment are disclosed in note 19 – Contingent Liability in relation to the LTIP.

2. Income

	<u>2002</u> £	<u>2001</u> £
Recovery of costs incurred on behalf of group undertakings	37,872,003	43,495,403
Other income	639,316	419,231
	<u>38,511,319</u>	<u>43,914,634</u>

3. Administrative Expenses

	<u>2002</u> £	<u>2001</u> £
Auditor's remuneration	51,073	10,617
Auditor's other fees	62,510	-
Depreciation	4,446,371	5,009,774
Operating lease rentals	5,801,865	6,485,840
Other operating expenses	29,179,096	32,851,130
	<u>39,540,915</u>	<u>44,357,361</u>

The 2001 audit fee accruals have been estimated on an allocation of such fees between the legal entities within the Baring Asset Management Holding Limited group. This allocation has subsequently been modified, which resulted in an over accrual of the audit fees as at 31st December 2001.

BARING INVESTMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)

4. Employees

The average number employed in management and administration by the Company during the year ended 31 December 2002 was 242 (2001: 297). These employees are legally employed by ING Baring Services Limited, a sister company, and their respective costs are recharged to the Company.

Aggregate remuneration of all employees was:

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Salaries	12,469,298	14,847,802
Social Security costs	1,222,823	1,504,657
Other pension costs	2,607,964	430,249
	<u>16,300,085</u>	<u>16,782,708</u>

5. Cash at Bank

The bank balances of the company are held by Barings (Guernsey) Limited, a subsidiary undertaking of ING Groep NV.

BARING INVESTMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)

6. Director's Interests

The interests of Baring Asset Management Holdings Limited, the director of the Company, in the shares of Barings Group companies were as follows:

<u>Company</u>	<u>Class of Share</u>	<u>2002 Number</u>	<u>2001 Number</u>
Financial Services Group Limited	Ordinary £1 Shares	25,626,100	25,626,100
Baring Investment Services Limited	Ordinary £1 Shares	100	100
Baring Investment Services (Caymans) Limited* (<i>dormant</i>)	Ordinary £1 Shares	1	1
Baring Asset Management Limited	Ordinary £1 Shares	76,999,900	71,999,900
Baring Global Fund Managers Limited	Ordinary £1 Shares	100	100
Baring International Investment Limited*	Ordinary £1 Shares	5,000,000	5,000,000
Baring International Investment Management Holdings Limited*	Ordinary £1 Shares	27,601,815	27,601,815
Baring International Investment Management Limited*	Ordinary HK\$10 Shares	11,966,153	11,966,153
Baring International Investment Management Limited*	Deferred HK\$10 Shares	599,999	599,999
Baring Asset Management France S.A *	Ordinary FFR100	35,329	35,329
Baring Asset Management Holdings Inc*	Common Stock US\$1	533,033	533,033
Baring Asset Management Inc*	Class B Voting Preference Stock US\$1	1,490,000	1,490,000
Baring Asset Management Inc*	Common Stock US\$1	35,757	35,757
Baring Investment Services Inc.*	Common Stock US\$1	14	14
Baring Asset Management UK Holdings Limited*	Ordinary £1 Shares	1,779,711	1,779,711
Baring Mutual Fund Management SA*	Ordinary £25 Shares	12,800	12,800
Baring International Fund Managers (Ireland) Limited*	Ordinary £1 Shares	100,000	100,000
Baring Asset Management (CI) Limited*	Ordinary £10 Shares	50,000	1,000
Baring Mutual Fund Management (Ireland) Limited*	Ordinary £1 Shares	325,000	325,000
Baring Asset Management (Asia) Holdings Limited*	Ordinary HK\$10	1,031,942	1,031,942
Baring International Fund Managers (Bermuda) Limited*	Ordinary B\$1	7,670	7,670
Baring Asset Management (Asia) Limited*	Ordinary HK\$10	2	2
Baring International Fund Managers Limited*	Ordinary HK\$10	1,000	1,000
Baring Asset Management (Japan) Limited*	Ordinary Yen50,000	5,000	5,000
Baring Asset Management (Australia) Limited*	Ordinary A\$1	180,000	180,000
Baring (SICE) Taiwan Limited	Ordinary NT\$10	1,000,000	1,000,000
Barings (Guernsey) Limited*	Ordinary £1 Shares	10,000,000	10,000,000
Baring Trustees (Guernsey) Limited*	Ordinary £1 Shares	1,000,000	1,000,000
Baring Private Investment Management Limited*	Ordinary £1 Shares	5,405,002	5,405,002
Baring Trust Co. Limited*	Ordinary £1 Shares	850,002	850,002
Guernsey International Fund Managers Limited*	Ordinary £1 Shares	1,000,000	1,000,000
Baring Fund Managers Limited*	Ordinary £1 Shares	1,650,000	1,650,000
International Fund Managers UK Limited*	Ordinary £1 Shares	100	100
Barings (Isle of Man) Limited*	Ordinary £1 Shares	500,000	500,000
Barings (Ireland) Limited*	Ordinary £1 Shares	100,000	100,000
International Fund Managers (Ireland) Limited*	Ordinary £1 Shares	100,000	100,000
International Securitisation Managers (Ireland) Limited*	Ordinary £1 Shares	1,000	1,000
Ravensbourne Registration Services Limited*	Ordinary £1 Shares	125,000	125,000
International Fund Managers (Jersey) Limited*	Ordinary £1 Shares	10,000	10,000
Baring Funds Service GmbH*	Ordinary DM1Shares	195,583	195,583
Baring Investment Administrative Services (SA) Limited *	Ordinary ZAR1 Shares	2,000,000	2,000,000
ING Trust (Jersey) Limited*	Ordinary £1 Shares	979	979
Baring Asset Management Life Limited	Ordinary £1 Shares	100	100

*Indirect holdings

BARING INVESTMENT SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002 (continued)****7. Taxation**

	<u>2002</u> £	<u>2001</u> £
a) Analysis of the charge in the current period		
<i>Current tax</i>		
UK Corporation Tax at 30% (2001: 30%)		
Current year	(310,564)	(236,778)
Under accrued in prior year	216,078	165,562
Total current tax (note 7b)	<u>(94,486)</u>	<u>(71,216)</u>
<i>Deferred taxation</i>		
Origination and reversal of timing differences		
Current year	(55,589)	2,541
Prior year	(134,663)	(71,179)
Total deferred tax	<u>(190,252)</u>	<u>(68,638)</u>
<i>Total tax on loss on ordinary activities</i>	<u>(284,738)</u>	<u>(139,854)</u>

b) Factors affecting the tax charge for the current period

The current tax credit for the period is lower (2001: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>2002</u> £	<u>2001</u> £
Current Tax reconciliation		
Loss on ordinary activities before tax	(1,763,561)	(1,374,839)
Loss on ordinary activities multiplied by standard Rate of corporation tax in the UK at 30%	(529,069)	(412,452)
Effects of:		
Expenses not deductible for tax purposes	162,916	178,215
Capital allowances for period in excess of depreciation	(9,595)	(2,541)
Other timing differences	65,184	-
Adjustment to tax charge in respect of previous periods	216,078	165,562
Total current tax charge (note 7a)	<u>(94,486)</u>	<u>(71,216)</u>

BARING INVESTMENT SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**
31 DECEMBER 2002 (continued)**c) Factors that may affect future tax charges**

At the date of signing the accounts, no factors likely to materially alter the future rate of tax have been identified.

8. Fixed Assets

	<u>Leasehold Property & Improvements</u>	<u>Furniture & Fittings</u>	<u>Office Equipment</u>	<u>Computer Equipment</u>	<u>Total</u>
Cost					
At 1 January 2002	10,008,905	7,752,506	4,294,891	26,935,221	48,991,523
Additions	19,273	236,656	165,170	2,076,489	2,497,588
Disposals	-	-	-	-	-
31 December 2002	10,028,178	7,989,162	4,460,061	29,011,710	51,489,111
Depreciation					
At 1 January 2002	6,227,008	4,685,022	3,634,446	20,274,828	34,821,304
Charge for the year	402,378	454,725	259,151	3,330,117	4,446,371
Disposals	-	-	-	-	-
31 December 2002	6,629,386	5,139,747	3,893,597	23,604,945	39,267,675
Net book value at 31 December 2002	3,398,792	2,849,415	566,464	5,406,765	12,221,436
Net book value at 31 December 2001	3,781,897	3,067,484	660,445	6,660,393	14,170,219

BARING INVESTMENT SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002 (continued)****9. Investments****Investment in Subsidiary Undertakings**

	<u>2001</u> £	<u>2000</u> £
At cost		
At 1 January	1	1

The Company owns 100% of the £1 Ordinary shares of Baring Investment Services (Caymans) Limited, a company incorporated in the Cayman Islands. This is a dormant company.

Other Fixed Asset Investment

	<u>Fixed Asset Investment 2002</u>	<u>Fixed Asset Investment 2001</u>
	<u>Corporate Membership £</u>	<u>Corporate Membership £</u>
Cost		
At 1 January	113,050	97,050
Additions at cost	-	16,000
Net book value at 31 December	<u>113,050</u>	<u>113,050</u>
Total Investments	<u>113,051</u>	<u>113,051</u>

10. Debtors

	<u>2002</u> £	<u>2001</u> £
Amounts owed by group undertakings	2,759,638	1,794,375
Other debtors	1,500,632	1,558,745
Prepayments and accrued income	3,822,382	4,811,560
	<u>8,082,652</u>	<u>8,164,680</u>

(£686,175 of the above Prepayments and Accrued Income balance relates to a deferred tax asset, see note 14.)

BARING INVESTMENT SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002 (continued)****11. Current Asset Investments**

The balance relates to holdings of debt securities.

**12. Creditors
Amounts Falling Due Within One Year**

	<u>2002</u> £	<u>2001</u> £
Amounts owed to group undertakings	2,604,377	1,623,569
Other creditors including taxation and social security	-	1,928,971
Accruals and deferred income	3,280,996	4,545,579
	<u>5,885,373</u>	<u>8,098,119</u>

**13. Creditors
Amounts Falling Due After More Than One Year**

	<u>2002</u> £	<u>2001</u> £
Amounts owed to group undertakings	17,300,000	17,300,000
Other creditors	-	1,845,086
	<u>17,300,000</u>	<u>19,145,086</u>

14. Deferred Taxation Asset

	<u>2002</u> £	<u>2001</u> £
At 1 January	495,923	427,285
Transfer to profit & loss	190,252	68,638
At 31 December	<u>686,175</u>	<u>495,923</u>

The elements of deferred taxation are as follows:

Difference between accumulated depreciation and Amortisation and capital allowances	620,991	495,923
Other timing differences	65,184	-
Deferred Tax Asset	<u>686,175</u>	<u>495,923</u>

BARING INVESTMENT SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002 (continued)****15. Operating Leases**

At 31 December 2002 the company had annual commitments under operating leases as follows:

	2002 Property £	2001 Property £
Expiring in over five years	5,922,017	5,922,017
	5,922,017	5,922,017

16. Share Capital

	2002 £	2001 £
Authorised: 1,000 Ordinary Shares of £1 each	1,000	1,000
Issued and fully paid: 100 Ordinary Shares of £1 each	100	100

17. Reserves

	2002 £	2001 £
Profit & Loss Account		
At 1 January	(786,543)	448,442
Retained loss for the financial year	(1,478,823)	(1,234,985)
At 31 December	(2,265,366)	(786,543)

18. Pension Scheme

As stated in note 1(h) the Company participates in ING Barings group pension scheme. The cost to the Company is allocated by the scheme based on the pension costs for the Scheme as a whole.

Under FRS 17 the defined benefit scheme is to be accounted for as a defined contribution scheme because the Scheme is managed on a Group wide basis, and hence the company is not able to match individual assets held within the fund to its specific pension liabilities.

The most recent actuarial valuation of the defined benefit scheme was performed at 31st March 2002. Particulars of the actuarial valuations of the group defined benefit scheme are disclosed in the accounts of Baring Asset Management Holdings Limited.

BARING INVESTMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)

19. Contingent Liability in relation to the LTIP

As highlighted in note 1(i), the Company makes contributions to an independent Guernsey based employee benefit trust based on awards made under an LTIP arrangement. Contributions to the Trust are invested in listed equities and similar investments in order to provide a hedge against the liabilities of the LTIP. This is an imperfect hedge which may result in a deficit of assets held compared to the liabilities of the LTIP scheme. Although Baring Asset Management Holdings Limited has agreed to underwrite the liabilities arising from the LTIP, should the liquidity of that company prove insufficient to meet such liabilities then Baring Investment Services Limited would need to consider its obligations to staff.

As at 31 December 2002, the total shortfall of the hedge was £8,484k.

20. Ultimate Holding Company

The Company is a subsidiary undertaking of ING Groep NV, a company incorporated in the Netherlands.

The largest group in which the results of the Company are consolidated is that headed by ING Groep NV.

The smallest group in which they are consolidated is that headed by ING Bank NV.

The consolidated financial statements of these groups are available to the public and may be obtained from the Secretary, ING Groep NV, Strawinskylaan 2631, 10772 Amsterdam, The Netherlands.

21. Related Party Transactions

The company is controlled by Baring Asset Management Holdings Limited, its immediate parent undertaking. The ultimate controlling party is ING Groep NV.

As the company is a wholly owned subsidiary of the ING Groep NV which prepares consolidated financial statements in the Netherlands, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed separately transactions or balances with entities which form part of the ING Groep NV.