

SOMERS (U.K.) LIMITED**Directors**

A.J. O'Connor (resigned 31 August, 1998)
L.I. Gabb
P.H. Smith
G.D. Richardson (appointed 1 September, 1998
resigned 31 December, 1998)
N.A. Chronias (appointed 2 January, 1999)

Company Secretary and Registered Office

R.E. Butlin, FCIS
Austin Friars House
2-6 Austin Friars, London EC2N 2LX

Company Registration No:

2759673

Auditors

KPMG Audit Plc
P.O. Box 695
8 Salisbury Square
London EC4Y 8BB

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30th June, 1999.

Review of Activities

The principal activity of the Company has been and will continue to be the supply of nominee facilities.

Results and Dividends

The net profit after taxation for the year ended 30th June, 1999 amounted to £218 (1998: £55) which has been transferred to reserves.

The directors do not recommend payment of a dividend (1998: £nil).



SOMERS (U.K.) LIMITED

Year 2000

The Bank of Bermuda group has numerous computer systems and software programs that were developed using 2 digits to record the year of a transaction rather than a full 4 digits. For calculations relating to the Year 2000 or subsequent years, such date structures may produce inaccurate results ("the Year 2000 problem"). All necessary modifications to systems used by Bank of Bermuda group companies are being co-ordinated by the Parent Company, The Bank of Bermuda Limited, where a dedicated Year 2000 project office is established.

The project office has implemented, and is progressing with, a formal plan to achieve Year 2000 compliance. On 28 February 1999, the Bank published its "Statement of Readiness" announcing that it had completed a comprehensive review, remediation and upgrade process to ensure that core systems are Year 2000 compliant, in accordance with the definition created by the British Standards Institute. To further ensure compliance all systems will be subject to ongoing testing during this year.

Although a group budget has been established for Year 2000 modifications, it is not currently possible to determine the likely costs to be attributed to individual group companies.

Although management believes that its Year 2000 compliance program will address all Year 2000 requirements, the Bank's failure to successfully implement the program could have a material adverse impact on the company's operations.

Directors' Interests

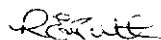
The directors in office during the year are listed above.

The directors who held office at the end of the year did not hold any shares in the capital of the Company at the beginning or end of the year.

Auditors

The Company has elected to dispense with the obligation to reappoint auditors annually pursuant to Section 386 Companies Act 1985.

By Order of the Board



R.E.BUTLIN, FCIS
Company Secretary

24th August, 1999.

SOMERS (U.K.) LIMITED
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 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF
SOMERS (U.K.) LIMITED

We have audited the financial statements on pages 5 to 9.

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 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 the 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 30th June, 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

24 August 1999

KPMG Audit Plc
Chartered Accountants
Registered Auditors

London

SOMERS (U.K.) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
Turnover	1(b)	3,000	3,000
Administrative Expenses		2,816	2,965
		-----	-----
Operating Profit		184	35
Deposit Interest Receivable		34	20
		-----	-----
Profit on Ordinary Activities before Taxation	2	218	55
Taxation	3	-	-
		-----	-----
Profit for the Financial Year		£218	£55
		=====	=====
Summary of Retained Profits			
At 1st July, 1998		55	-
Profit for the Financial Year		218	55
		-----	-----
At 30th June, 1999		£273	£55
		=====	=====

The results above are all derived from continuing activities.

There are no recognised gains or losses (1998: no recognised gains or losses) other than the retained profit (1998: profit) for the financial year.

There is no difference between the reported profit (1998: profit) and the historical cost profit (1998: profit) for the year.

The Notes on pages 7 and 9 form part of these Financial Statements.

SOMERS (U.K.) LIMITED
BALANCE SHEET AS AT 30TH JUNE, 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
Current Assets			
Amounts Owed by Fellow Subsidiary Undertakings		750	750
Cash at Bank and in Hand		2,299	57
		<hr/>	<hr/>
		3,049	807
 Less: Creditors, Amounts Falling Due within One Year			
	4	2,774	750
		<hr/>	<hr/>
Net Current Assets		£275	£57
		=====	=====
 Capital and Reserves			
Called Up Share Capital	5	2	2
Profit and Loss Account		273	55
		<hr/>	<hr/>
Equity Shareholder's Funds	6	£275	£57
		=====	=====

These financial statements were approved by the Board of Directors on 24th August, 1999 and signed on its behalf by

L.I.Gabb



The Notes on pages 7 and 9 form part of these Financial Statements.

SOMERS (U.K.) LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 1999

1. Principal Accounting Policies

(a) Basis of Accounting

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

(b) Turnover

Turnover represents fees received for supplying nominee facilities.

(c) Cash Flow Statement

The Company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking and the financial statements of the immediate parent company include a cash flow statement for the Group.

(d) Related Party Transactions

As the Company is a wholly owned subsidiary of The Bank of Bermuda Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The Bank of Bermuda Limited, within which this company is included, can be obtained from Austin Friars House, 2-6 Austin Friars, London EC2N 2LX.

2. Profit on Ordinary Activities before Taxation

	<u>1999</u> £	<u>1998</u> £
Profit on Ordinary Activities before Taxation is stated after charging:		
Auditors remuneration - Audit Work	£750	£750

None of the directors received any remuneration in respect of their qualifying services to the Company in the year.

3. Taxation

	<u>1999</u>	<u>1998</u>
United Kingdom Corporation Tax for the year at 30.75%	-	-
	=====	=====

The Company has received group loss relief from a fellow group company for nil consideration.

SOMERS (U.K.) LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1999
(Continued)

4. **Creditors, Amounts Falling Due within One Year**

	<u>1999</u>	<u>1998</u>
	£	£
Trade Creditors	750	
Amount owed to Parent Undertaking	2,024	750
	<hr/>	<hr/>
	£2,774	£750
	=====	=====

5. **Called Up Share Capital**

	<u>1999</u>	<u>1998</u>
Authorised:		
1,000 shares of £1 each	£1,000	£1,000
	=====	=====
Allotted, Called Up and Fully Paid:		
2 shares of £1 each	£2	£2
	=====	=====

6. **Reconciliation of Movements in Shareholders' Funds**

	<u>1999</u>	<u>1998</u>
	£	£
Opening Shareholders' Funds	57	2
Profit for the Financial Year	218	55
	<hr/>	<hr/>
Closing Shareholders' Funds	£275	£57
	=====	=====

7. **Assets Held as Nominee**

Securities and cash held in a trust, agency or fiduciary capacity for customers are not included in the Balance Sheet as such assets are not the property of the Company.

SOMERS (U.K.) LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1999
(Continued)

8. Ultimate Holding Company

The largest group in which the results of the Company are consolidated is The Bank of Bermuda Limited, incorporated in Bermuda. The consolidated accounts of this company are available to the public and can be obtained from Austin Friars House, 2-6 Austin Friars, London EC2N 2LX.

The smallest group in which the results of the Company are consolidated is that headed by Bermuda (UK) Holdings Limited, incorporated in Great Britain and registered in England and Wales.