

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED
(Formerly known as Credit Suisse Investment Management
Group Limited)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1996

Company number 3045295



CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

The directors submit their report and the audited financial statements for the year ended 31 December 1996.

Name change

On 31 December 1996 the name of the Company was changed from that of Credit Suisse Investment Management Group Limited to Credit Suisse Asset Management (UK) Holding Limited.

Principal activities

The company was incorporated as a holding company in 1995. On 29 December 1995 the Company disposed of one of its two subsidiaries. For the entire period of the accounts the sole operation of the Company was the control of the subsidiary, which provides institutional asset management services.

Review of business and future prospects

At the year end the subsidiary had funds under management of the equivalent of \$20.8 billion.

Further significant advances are anticipated in 1997, deriving from organic growth and the operation's participation in the Credit Suisse Group's creation of a globally active business unit for institutional asset management and investment counselling.

Results and dividends

The results of the group for the period are set out in detail on page 5. No dividend has been declared in respect of the year ended 31 December 1996 (1995 : £nil).

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

Directors and directors interests

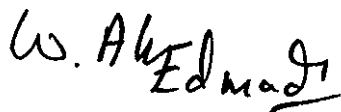
The following are the current directors of the Company or directors who served during the year.

| | |
|--------------------------|--|
| Mr PM Colebatch | Appointed 18 February 1997 |
| The Rt Hon Lord Moore PC | |
| Mr MJ Adami | Resigned 31 January 1996 |
| Mr OJ Gröbel | Resigned 9 January 1996 |
| Mr SDF Kaempfer | Resigned 1 April 1996 |
| Mr RJ Parker | Appointed 1 April 1996 - Resigned 18 February 1997 |
| Mr WW Priest | Appointed 9 January 1996 - Resigned 18 February 1997 |
| Mr DH Sigg | Appointed 9 January 1996 - Resigned 24 January 1997 |
| Mr PK Ryan | Appointed 18 February 1997 |

None of the directors who served during the period had any interests (either beneficial or non-beneficial) in the shares of the Company. The Company has taken advantage of the exemption whereby the interest of the directors in the non-UK parent are not disclosed.

Auditors

Price Waterhouse has agreed to resign as auditors to the Company and a resolution to appoint KPMG is to be submitted to the next board meeting.



Approved by the Board of Directors
and signed on behalf of the Board

WAK Edmonds
Company Secretary

23 April 1997

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 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 and of the Group and of the profit or loss of the Group 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 of the Group 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 of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF CREDIT SUISSE ASSET MANAGEMENT (UK)
HOLDING LIMITED
(FORMERLY CREDIT SUISSE INVESTMENT MANAGEMENT GROUP LTD)**

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 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 those financial 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 accounts. 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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 December 1996 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants and
Registered Auditors
32 London Bridge Street
London SE1 9SY

23 April 1997

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

| | | Year ended 31 December 1996 | Period ended 31 December 1995 |
|--|------|--------------------------------|----------------------------------|
| | Note | £'000 | £'000 |
| Turnover | | | |
| Continuing operations | | 30,819 | 8,606 |
| Discontinued operations | | <u>-</u> | <u>9,050</u> |
| Operating expenses | | 30,819 | 17,656 |
| Administrative expenses | | (31,669) | (21,452) |
| Operating (loss)/profit before interest | | | |
| Continuing operations | | (850) | 211 |
| Discontinued operations | | <u>-</u> | <u>(4,446)</u> |
| | | (850) | (4,235) |
| Interest receivable and similar income | 4 | 359 | 1,236 |
| Interest payable | 5 | <u>(114)</u> | <u>(588)</u> |
| | | (605) | (3,587) |
| Profit on sale of subsidiary | | <u>-</u> | <u>2,403</u> |
| Loss on ordinary activities before taxation | 6 | (605) | (1,184) |
| Tax (charge)/credit on ordinary activities | 7 | <u>(688)</u> | <u>1,110</u> |
| Retained loss for the year | | <u>(1,293)</u> | <u>(74)</u> |

There are no recognised gains or losses for the current financial year other than as stated in the profit and loss account.

The notes on pages 8 to 19 form an integral part of these financial statements.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1996

| | | <u>1996</u> | <u>At 31 December</u> <u>1995</u> |
|---|------|-----------------|--------------------------------------|
| | Note | £'000 | £'000 |
| Fixed assets | | | |
| Tangible assets | 8 | 2,474 | 4,592 |
| Investments | 9 | <u>12</u> | <u>12</u> |
| | | 2,486 | 4,604 |
| Current assets | | | |
| Debtors | 10 | 10,607 | 6,258 |
| Cash at bank | | <u>11,288</u> | <u>13,106</u> |
| | | 21,895 | 19,364 |
| Creditors: amounts falling due within one year | 11 | <u>(12,721)</u> | <u>(11,309)</u> |
| Net current assets | | <u>9,174</u> | <u>8,055</u> |
| Total assets less current liabilities | | <u>11,660</u> | <u>12,659</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 11,005 | 11,005 |
| Share premium account | 13 | 187 | 187 |
| Capital reserve | 13 | 1,835 | 1,541 |
| Profit and loss account | 13 | <u>(1,367)</u> | <u>(74)</u> |
| Shareholders' funds (Equity interests) | 14 | <u>11,660</u> | <u>12,659</u> |

Signed on behalf of the Board of Directors on 23 April 1997



RT. HON. LORD MOORE P.C.

The notes on pages 8 to 19 form an integral part of these accounts.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 1996

| | | At 31 December | |
|---|------|----------------|----------------|
| | | <u>1996</u> | <u>1995</u> |
| | Note | £'000 | £'000 |
| Fixed assets | | | |
| Tangible assets | 8 | 2,474 | 4,564 |
| Investments | 9 | <u>7,005</u> | <u>7,005</u> |
| | | 9,479 | 11,569 |
| Current assets | | | |
| Debtors | 10 | 323 | 601 |
| Cash at bank | | <u>10,506</u> | <u>2,474</u> |
| | | 10,829 | 3,075 |
| Creditors: amounts falling due within one year | 11 | <u>(9,654)</u> | <u>(3,759)</u> |
| Net current assets/(liabilities) | | <u>1,175</u> | <u>(684)</u> |
| Total assets less current liabilities | | <u>10,654</u> | <u>10,885</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 11,005 | 11,005 |
| Share premium account | 13 | 187 | 187 |
| Profit and loss account | 13 | <u>(538)</u> | <u>(307)</u> |
| Shareholders' funds (Equity interests) | 14 | <u>10,654</u> | <u>10,885</u> |

Signed on behalf of the Board of Directors on 23 April 1997



The notes on pages 8 to 19 form an integral part of the financial statements.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

1 SIGNIFICANT ACCOUNTING POLICIES

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

The following accounting policies have been adopted:

- (1) The Group's financial statements consolidate the accounts of the company and its subsidiaries. The results of subsidiaries sold or acquired during the period are included in the consolidated results from the date of acquisition or up to the date of disposal.
- (2) In the opinion of the directors the Group has only one class of business and operates in a market which is not delineated by geographical bounds.
- (3) Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions during the period were translated at the month end rates. Exchange differences are included in the profit and loss account.
- (4) Turnover comprises the value of asset management and advisory fees and commissions earned in the year and is recognised on an accruals basis.
- (5) Deferred taxation is calculated under the liability method and provided only to the extent that it is considered with reasonable probability that the liability will become payable within the foreseeable future.
- (6) Pension costs are recognised in the profit and loss account over the period in which the benefit is derived from employee services.
- (7) Fixed asset investments are valued at the lower of cost and market value.
- (8) Depreciation is calculated to write down the cost of fixed assets to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives, which is considered to be five years in respect of leasehold improvements and three years for all other tangible fixed assets. The capital payment in respect of the non exclusive licence to use Beaufort House is depreciated over five years.
- (9) The company has elected not to prepare a Cash Flow Statement in accordance with the exemption granted under the revised text of Financial Reporting Statement 1, available to 90% owned subsidiaries where the accounts in which the subsidiary is consolidated are publicly available.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

2 EMPLOYEES

The costs incurred in respect of employees were:

| | <u>1996</u> £'000 | <u>1995</u> £'000 |
|-----------------------|----------------------|----------------------|
| Wages and Salaries | 15,449 | 1,873 |
| Social Security Costs | 537 | 285 |
| Pension contributions | <u>888</u> | <u>234</u> |
| | <u>16,874</u> | <u>2,392</u> |

3 DIRECTORS

None of the directors of the Company received any emoluments during the year for their services to the company (1995 : £nil).

Directors' aggregate emoluments for services to the group, including pension contributions, are £1,514,000 (1995 : £nil) of which £384,000 (1995: £nil) were amounts due to loss of office.

Directors' emoluments, excluding pension contributions, analysed as follows:

| | <u>1996</u> £'000 | <u>1995</u> £'000 |
|-----------------------|----------------------|----------------------|
| Highest paid director | 746 | 207 |
| Chairman | <u>235</u> | <u>-</u> |

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

3 DIRECTORS (Continued)

The emoluments for the directors (including the highest paid director and the chairman) were within the following ranges:

| | <u>Number of Directors</u> | |
|---------------------|----------------------------|-------------|
| | <u>1996</u> | <u>1995</u> |
| £Nil - £5,000 | 3 | 7 |
| £5,001 - £10,000 | 1 | - |
| £45,001 - £50,000 | 1 | - |
| £95,001 - £100,000 | - | 1 |
| £140,001 - £145,000 | - | 1 |
| £235,001 - £240,000 | 1 | - |
| £280,001 - £285,000 | - | 1 |
| £745,001 - £750,000 | 1 | - |

4 INTEREST RECEIVABLE

No interest was receivable from fellow subsidiary undertakings (1995 - £29,504)

5 INTEREST PAYABLE

| | <u>1996</u> | <u>1995</u> |
|---|--------------|--------------|
| | <u>£'000</u> | <u>£'000</u> |
| Bank loans and overdrafts | - | 203 |
| Amount payable to fellow subsidiary undertaking | <u>114</u> | <u>385</u> |
| | <u>114</u> | <u>588</u> |

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

6 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation in the consolidated profit and loss account is stated after charging:

| | <u>1996</u> £'000 | <u>1995</u> £'000 |
|---|----------------------|----------------------|
| Auditors' remuneration (Company £5,000) | 40 | 55 |
| Auditors remuneration for non-audit services (Company £nil) | 31 | 54 |
| Depreciation | 1,427 | 895 |
| Exchange gains and losses | 112 | 5 |
| Exceptional write off of fixed assets no longer considered to be in continuing use in the business | 945 | - |
| Exceptional costs relating to the implementation of replacement investment management information technology | <u>2,167</u> | <u>-</u> |

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

7 TAXATION

The taxation charge comprises:

| | <u>1996</u> £'000 | <u>1995</u> £'000 |
|---|----------------------|----------------------|
| UK corporation tax on income for the year provided at 33% (1995 - 33%) | 1,140 | - |
| Prior year underprovision for corporation tax | <u>307</u> | <u>-</u> |
| Deferred tax benefit at 33% | <u>(759)</u> | <u>(1,100)</u> |
| | <u>688</u> | <u>(1,100)</u> |

There was no unprovided deferred taxation at 31 December 1996.

The prior year tax credit of £1,110,000 comprised a deferred tax credit in respect of a provision for future liabilities on vacant properties leased by a subsidiary which was sold prior to the end of 1995.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

8 TANGIBLE FIXED ASSETS

(a) Group

| | Capital payment £'000 | Leasehold improvements £'000 | Furniture and equipment £'000 | Computer equipment £'000 | Total £'000 |
|---|-----------------------------|------------------------------------|--|--------------------------------|----------------|
| COST | | | | | |
| At 1 January 1996 | 2,040 | 418 | 1,256 | 1,215 | 4,929 |
| Additions | — | — | — | 255 | 255 |
| At 31 December 1996 | <u>2,040</u> | <u>418</u> | <u>1,256</u> | <u>1,470</u> | <u>5,184</u> |
| DEPRECIATION | | | | | |
| At 1 January 1996 | 114 | 21 | 103 | 100 | 338 |
| Charge for the year | 411 | 84 | 439 | 493 | 1,427 |
| Exceptional write down of fixed assets | <u>393</u> | <u>81</u> | <u>237</u> | <u>234</u> | <u>945</u> |
| At 31 December 1996 | <u>918</u> | <u>186</u> | <u>779</u> | <u>827</u> | <u>2,710</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 1996 | <u>1,122</u> | <u>232</u> | <u>477</u> | <u>643</u> | <u>2,474</u> |
| At 1 January 1996 | <u>1,926</u> | <u>397</u> | <u>1,154</u> | <u>1,115</u> | <u>4,592</u> |

In 1995 the Company paid an amount of £2,040,000 in respect of a non-exclusive licence to occupy their current premises of Beaufort House, this was paid to Credit Suisse (UK) Limited, formerly Credit Suisse Asset Management Limited.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

8 TANGIBLE FIXED ASSETS (Continued)

(b) Company

| | Capital payment £'000 | Leasehold improvements £'000 | Furniture and equipment £'000 | Computer equipment £'000 | Total £'000 |
|---|-----------------------------|------------------------------------|--|--------------------------------|----------------|
| COST | | | | | |
| At 1 January 1996 | 2,040 | 418 | 1,227 | 1,215 | 4,900 |
| Additions | - | - | - | 225 | 255 |
| Transfer from subsidiary undertaking | - | - | 29 | - | 29 |
| At 31 December 1996 | <u>2,040</u> | <u>418</u> | <u>1,256</u> | <u>1,470</u> | <u>5,184</u> |
| DEPRECIATION | | | | | |
| At 1 January 1996 | 114 | 21 | 101 | 100 | 336 |
| Charge for the year | 411 | 84 | 412 | 493 | 1,400 |
| Exceptional write down of fixed assets | 393 | 81 | 237 | 234 | 945 |
| Transfer from subsidiary undertaking | - | - | 29 | - | 29 |
| At 31 December 1996 | <u>918</u> | <u>186</u> | <u>779</u> | <u>827</u> | <u>2,710</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 1996 | <u>1,122</u> | <u>232</u> | <u>477</u> | <u>643</u> | <u>2,474</u> |
| At 1 January 1996 | <u>1,926</u> | <u>397</u> | <u>1,126</u> | <u>1,115</u> | <u>4,564</u> |

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

9 FIXED ASSET INVESTMENTS

Group

| | |
|---------------------|--------------|
| Cost | <u>£'000</u> |
| At 1 January 1996 | <u>12</u> |
| At 31 December 1996 | <u>12</u> |

Fixed asset investment in the Group balance sheet represent a holding of 49,998 redeemable preference shares of £1 each (25p called up and paid) in the Central European Growth Fund Plc.

Company

| | |
|---------------------|--|
| | Shares in subsidiary undertaking £'000 |
| Cost | |
| 1 January 1996 | <u>7,005</u> |
| At 31 December 1996 | <u>7,005</u> |

Fixed asset investments in the Company balance sheet represent a 100% interest in the ordinary share capital of Credit Suisse Asset Management Ltd, a company incorporated in England and Wales.

10 DEBTORS

| | Group 1996 £'000 | Company 1996 £'000 | Group 1995 £'000 | Company 1995 £'000 |
|--|------------------------|--------------------------|------------------------|--------------------------|
| Trade debtors | 937 | - | 5,547 | - |
| Amounts owed by fellow subsidiary undertakings | 1,934 | - | - | 532 |
| Other debtors | 639 | 323 | 173 | 69 |
| Prepayments and accrued income | <u>7,097</u> | <u>-</u> | <u>538</u> | <u>-</u> |
| | <u>10,607</u> | <u>323</u> | <u>6,258</u> | <u>601</u> |

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

11 CREDITORS - Amounts falling due with one year

| | Group <u>1996</u> £'000 | Company <u>1996</u> £'000 | Group <u>1995</u> £'000 | Company <u>1995</u> £'000 |
|--|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| Trade creditors | | | | |
| Amounts owed to fellow subsidiary undertakings | 2,392 | 8,543 | 7,017 | 2,371 |
| Other creditors | 576 | 500 | - | - |
| Taxation and Social Security | 430 | 278 | 88 | - |
| Accruals and deferred income | <u>9,323</u> | <u>333</u> | <u>4,204</u> | <u>1,388</u> |
| | <u>12,721</u> | <u>9,654</u> | <u>11,309</u> | <u>3,759</u> |

12 SHARE CAPITAL

| | <u>1996</u> Number of shares | <u>1995</u> Number of shares | <u>1996</u> £'000 | <u>1995</u> £'000 |
|---------------------------------------|------------------------------------|------------------------------------|----------------------|----------------------|
| Authorised Ordinary shares of £1 each | <u>20,000,000</u> | <u>20,000,000</u> | <u>20,000</u> | <u>20,000</u> |
| Allotted, called up and fully paid | | | | |
| 11,005,187 ordinary shares of £1 each | <u>11,005,187</u> | <u>11,005,187</u> | <u>11,005</u> | <u>11,005</u> |

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

13 STATEMENT OF MOVEMENT ON RESERVES

| Group | Profit and loss <u>account</u> £'000 | Share premium <u>account</u> £'000 | Capital <u>reserve</u> £'000 | Total £'000 |
|---|--|--|------------------------------------|----------------|
| Balance at 1 January 1996 | (74) | 187 | 1,541 | 1,654 |
| Loss for the year | (1,293) | - | - | (1,293) |
| Adjustment to capital reserve on acquisition | - | - | 294 | 294 |
| Balance at 31 December 1996 | <u>(1,367)</u> | <u>187</u> | <u>1,835</u> | <u>655</u> |

| Company | Profit and loss <u>account</u> £'000 | Share premium <u>account</u> £'000 | Total £'000 |
|-----------------------------|--|--|----------------|
| Balance at 1 January 1996 | (307) | 187 | (120) |
| Loss for the year | <u>(231)</u> | - | <u>(231)</u> |
| Balance at 31 December 1996 | <u>(538)</u> | <u>187</u> | <u>(351)</u> |

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | Group <u>1996</u> £'000 | Company <u>1996</u> £'000 | Group <u>1995</u> £'000 | Company <u>1995</u> £'000 |
|---|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| Opening shareholders' funds | 12,659 | 10,885 | - | - |
| Loss for the year/period | (1,293) | (231) | (74) | (307) |
| Capital reserve on acquisition | - | - | 1,541 | - |
| Adjustment to capital reserve on acquisition | <u>294</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Issue of share capital | 11,660 | 10,654 | 1,467 | (307) |
| Share premium on issue of share capital | - | - | 11,005 | 11,005 |
| Closing shareholders' funds | <u>11,660</u> | <u>10,654</u> | <u>12,659</u> | <u>10,885</u> |

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

15 COMPANY PROFIT AND LOSS ACCOUNT

The Company has not presented its own profit and loss account as permitted by section 230 of the Companies Act 1985. The Company incurred a loss of £231,000 (1995, loss of £307,000) during the financial year.

16 PENSION SCHEME

Employees of the company are members of either the Credit Suisse First Boston Pension and Life Assurance Scheme or the Credit Suisse Asset Management Limited Pension Scheme.

The CSFB Pension and Life Assurance Scheme ("the Scheme") is a defined benefit Pension Scheme operated by CS First Boston Trustees Limited for the benefit of staff employed by the CS First Boston (UK) Holdings Limited Group and a fellow subsidiary undertaking.

In accordance with the provisions of SSAP 24 the expected cost of providing future pensions is recognised on a systematic basis over the period during which the Company expects to derive a benefit from the services of its employees. The costs incurred in respect of providing future pensions in respect of employees is borne by another group company.

The Scheme is administered by Trustees who are directors of CS First Boston Trustees Limited. They are advised by Sedgwick Noble Lowndes Limited who also act as actuaries. The Scheme is managed by Mercury Asset Management Limited.

An actuarial valuation is normally performed every three years, and the latest valuation was performed as at 1 January 1994. The results of this valuation, which was performed using the projected unit credit valuation method, showed that the market value of the assets was £29,673,000 the actuarial value of which was sufficient to secure 118% of the liabilities of the Scheme based on projected accrued assets and final pensionable salaries. The main actuarial assumptions used were an investment rate of return of 9% pa, an increase in salaries of 7.5%, and no increase in plan benefits. The actuaries concluded that the Scheme continued to be in a sound financial position.

An actuarial valuation is due to be performed at 1 January 1997 although this had not been completed as at the date of the approval of the financial statements.

In accordance with the results of the valuation, an accrual rate of 7.6% of plan salaries has been used and contributions to the Scheme are made at a rate of 13.7% of plan salaries. The surplus is being spread over the remaining service lives of the eligible employees. The costs incurred in respect of providing future pensions in respect of employees is borne by another group company.

Certain employees of the Group are members of the Credit Suisse Asset Management Limited Pension Scheme. This is a defined contribution scheme.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

17 RELATED PARTY TRANSACTIONS

Financial Reporting Standard 8 requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity.

Advantage is taken of the exemption provided for the disclosure of transactions in the financial statements of a subsidiary undertaking, 90 per cent or more of whose voting rights are controlled within the group, of transactions with entities that are part of the group, where the consolidated financial statements in which that subsidiary is included are publicly available.

During the year investment management fees of £1,948,405 were receivable from the Central European Growth Fund Plc. At the year end the sum of £3,678 was recorded as a debtor balance.

18 PARENT AND ULTIMATE HOLDING COMPANY

The company is a subsidiary of Credit Suisse First Boston, a company incorporated in the Canton of Zurich, Switzerland. The accounts of Credit Suisse are available from its head office which is at Paradeplatz 8, Zurich. The Ultimate parent undertaking is Credit Suisse Group which is incorporated in the canton of Zurich, Switzerland and whose accounts are available to the public at its head office at Nuschelerstrasse 1, Zurich.