

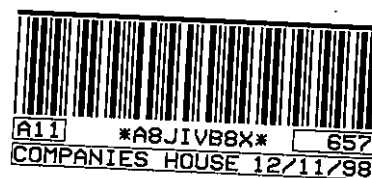
ANZ INVESTMENTS (UK) LIMITED

Registered No: 3345198

Annual Report and Accounts

1998

Member ANZ Group



ANZ Investments (UK) Limited
Registered in England No. 3345198

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ANZ Investments (UK) Limited
Directors

Board of directors

C N Rose

J C Wrigley

Secretary

G W Campbell

ANZ Investments (UK) Limited

Registered Office: Minerva House, Montague Close, London SE1 9DH.

Registered in England No.3345198

ANZ Investments (UK) Limited
Directors' report

The Directors present the report and the accounts of ANZ Investments (UK) Limited ("the Company") and its group for the year ended 30 September 1998.

Activities

The Company acts as a holding company for a number of UK investment companies. On 1 October 1997, the Company commenced fund management activities through its subsidiary ANZ Emerging Markets Fund Management Limited.

Accounts and dividends

The group profit on ordinary activities after tax was £1,326,239 compared with a loss of £72,045 for the period ended 30 September 1997.

The directors do not recommend the payment of a dividend.

Post Balance Sheet event

Following an operational review of current activities, ANZ Securities (UK) Limited has decided to focus its activities on the provision of corporate finance advice. At the same time, the agency brokerage business of ANZ Securities (UK) Limited will be wound down. ANZ Securities (UK) Limited will continue to be regulated by the SFA.

Directors

The Directors of the Company at the date of this report are shown on page 1. The following changes in Directors occurred during the financial year:

	Appointed	Resigned
Mr R E Nickolds		3 July 1998
Dr H von Paucker		30 April 1998
Mr C N Rose	30 April 1998	
Mr J C Wrigley	10 July 1998	

Directors' transactions

No Director held, at 30 September 1998 or 30 September 1997, any beneficial interest in the share capital of the Company or any of its subsidiary undertakings. No Director of the Company had a material interest at any time during the year in any contracts significant to the Company's business.

Year 2000

The Company is a wholly-owned subsidiary of Australia and New Zealand Banking Group Limited ('ANZ'). ANZ, in common with other users of computer systems, could face potential disruption to its business as a result of the change of date from 1999 to 2000. ANZ has established a programme to assess the impact of Year 2000 on its business and operations world-wide. All of ANZ's internal systems have been analysed and work is underway to develop, test and implement the necessary changes. Furthermore, a review of the software and operations of third parties who transact business with ANZ has been undertaken, and compliance testing is underway.

The financial costs to the Company of becoming Year 2000 ready will be borne by ANZ.

Employees

As at 30 September 1998 the Company's group had 11 employees (1997: 11), all of whom were employed by ANZ Securities (UK) Limited. The average number of employees during the year was 11 (1997: 11).

ANZ Investments (UK) Limited
Directors' report continued

Donations

No political or charitable donations were made during the year.

Statement of Directors' responsibilities

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 its group and of the profit or loss for that period. In preparing those accounts, the Directors are required to:

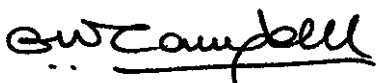
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company and its group 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 its group and which 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 its group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The Company has elective resolutions in force to dispense with the laying of accounts before the shareholders in general meeting, the holding of Annual General Meetings and the obligation to appoint auditors annually, pursuant to sections 252, 366A and 386(1) of the Companies Act 1985. KPMG Audit Plc will therefore be deemed to have been reappointed auditors of the Company at the end of the period of 28 days commencing with the day on which copies of the report and accounts are sent to the members, unless a resolution is passed under section 303 of the Companies Act 1985 to terminate their appointment.

By order of the Board



G W Campbell
Secretary

27 October 1998

ANZ Investments (UK) Limited
Report of the Auditors, KPMG Audit Plc,
to the members of ANZ Investments (UK) Limited

We have audited the accounts on pages 5 to 13.

Respective responsibilities of Directors and Auditors

As described on page 3 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 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 an 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 and the group'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 affairs of the Company and the group as at 30 September 1998 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

10 November 1998

ANZ Investments (UK) Limited
Consolidated profit and loss account
For the year ended 30 September 1998


	Notes	Continuing Operations 1998 £	6 months ended 30 September 1997 £
Interest receivable and similar income:			
- Group undertakings		179,039	9,924
- Other		125,047	25,707
		<u>304,086</u>	<u>35,631</u>
Interest payable and other charges:			
- Group undertakings		(60,790)	(20)
Gross Profit		<u>243,296</u>	<u>35,611</u>
Other Operating Income:			
Fees and commissions receivable		8,536,824	534,851
Foreign exchange (losses)/earnings		(34,716)	9,937
Other income		137,837	65,768
		<u>8,639,945</u>	<u>610,556</u>
Operating expenses:			
Administrative expenses	2	(1,857,389)	(556,825)
Depreciation		(15,163)	(5,850)
Fees and commissions payable		(5,116,671)	(149,570)
Profit/(loss) on ordinary activities before taxation	3	<u>1,894,018</u>	<u>(66,078)</u>
Tax on profit/(loss) on ordinary activities	4	(567,779)	(5,967)
Profit/(loss) for the financial year		<u>1,326,239</u>	<u>(72,045)</u>
Statement of retained earnings/accumulated losses			
		1998	6 months ended 30
		£	September 1997
		£	£
Retained losses at 1 October / 4 April		(72,045)	-
Profit/(loss) for the period		<u>1,326,239</u>	<u>(72,045)</u>
Retained profits/(losses) at 30 September		<u>1,254,194</u>	<u>(72,045)</u>

A separate statement of total recognised gains and losses as required by Financial Reporting Standard 3 has not been prepared on the grounds that the Company has no recognised gains or losses other than the profit for the period.

ANZ Investments (UK) Limited
Consolidated balance sheet at 30 September 1998

	Note	1998	1997
		£	£
FIXED ASSETS			
Tangible assets	8	33,907	48,168
CURRENT ASSETS			
Amounts due from related undertakings		3,228,149	368,749
Cash at Bank		1,769,635	2,153,035
Deferred taxation	7	-	414,201
Prepayments and accrued income		399,107	60,613
Other assets		221,842	84,184
		<u>5,618,733</u>	<u>3,080,782</u>
CREDITORS:			
Amounts falling due within one year			
Due to related undertakings		(1,061,646)	(447,746)
Accruals and deferred income		(152,923)	(11,325)
Other creditors		(579,398)	(99)
Net current assets		<u>3,824,766</u>	<u>2,621,612</u>
Total assets less current liabilities		3,858,673	2,669,780
CREDITORS:			
Amounts falling due after more than one year			
Amounts due to related undertakings		(600,000)	(600,000)
Provisions for liabilities and charges	9	(1,104,479)	(1,241,825)
		<u>2,154,194</u>	<u>827,955</u>
CAPITAL AND RESERVES			
Ordinary share capital	11	900,000	900,000
Profit and loss account		<u>1,254,194</u>	<u>(72,045)</u>
TOTAL SHAREHOLDERS' FUNDS		<u>2,154,194</u>	<u>827,955</u>

These financial statements were approved by the board of directors on 27 October 1998


C N Rose
Director

ANZ Investments (UK) Limited
Balance sheet at 30 September 1998

	<u>Note</u>	<u>1998</u> £	<u>1997</u> £
FIXED ASSETS			
Shares in Group Undertakings	10	899,606	899,606
CURRENT ASSETS			
Debtors:			
Amount due from parent undertaking		901	404
		<hr/> 901	<hr/> 404
CREDITORS: Amounts falling due within one year			
Other creditors		(4,473)	(600)
		<hr/> (3,572)	<hr/> (196)
NET CURRENT LIABILITIES			
 TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/> 896,034	<hr/> 899,410
CAPITAL AND RESERVES			
Share capital	11	900,000	900,000
Profit and loss account		(3,966)	(590)
		<hr/> 896,034	<hr/> 899,410
Equity shareholders' funds		<hr/> 896,034	<hr/> 899,410

These financial statements were approved by the board of directors on 27 October 1998.



C N Rose
Director

ANZ Investments (UK) Limited

**Reconciliation of movements in consolidated shareholders' funds
for the year ended 30 September 1998**

	1998	1997
	£	£
Shareholders' funds at 1 October / 4 April	827,955	-
Purchase of ordinary shares of £1 each	-	900,000
Profit/(loss) for the financial year	1,326,239	(72,045)
	<hr/>	<hr/>
Shareholders' funds at 30 September	2,154,194	827,955
	<hr/>	<hr/>

**Reconciliation of movement in company shareholders' funds
for the year ended 30 September 1998**

	1998	1997
	£	£
Shareholders' funds at 1 October / 4 April	899,410	-
Purchase of ordinary shares of £1 each	-	900,000
Loss for the financial year	(3,376)	(590)
	<hr/>	<hr/>
Shareholders' funds at 30 September	896,034	899,410
	<hr/>	<hr/>

1. **Accounting policies**

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

Gross Profit

Gross profit comprises interest received/receivable less interest paid/payable. The Directors are of the opinion that turnover and cost of sales do not have meaningful equivalents in the businesses in which the group operates. Therefore these descriptions are not included in the profit and loss account.

Basis of consolidation

The group accounts are made up to 30 September 1998 and consolidate the audited accounts of the Company and its subsidiary undertakings.

Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling on the balance sheet date. Overseas profits and losses are expressed in sterling at average rates of exchange for the year.

Deferred taxation

Tax deferred or accelerated by timing differences is accounted for to the extent that it is probable that a liability or asset will crystallise.

Tangible fixed assets

Tangible fixed assets are stated at net book value.

Depreciation

Depreciation of tangible fixed assets is provided on a straight line basis over their estimated useful lives, which are principally:

Equipment - 5 years

Computers - 5 years

2. **Administrative expenses**

	1998 £	1997 £
Staff costs:		
Wages and salaries	(790,659)	(274,482)
Social security costs	(76,141)	(20,134)
Other administrative expenses	(990,589)	(262,209)
	<u>(1,857,389)</u>	<u>(556,825)</u>

3. **Profit/(loss) on ordinary activities before tax**

	1998 £	1997 £
Profit/(loss) on ordinary activities before tax is stated after crediting:		
Rents received and receivable	82,114	65,768
and charging:		
Hire of equipment	-	12,567

The auditors' remuneration was £3,330 of which £1,350 related to the Company.

The auditors' remuneration for non-audit work was £Nil.

4. **Tax on profit/(loss) on ordinary activities**

The tax charge is based on the result for the year and comprises:

	<u>1998</u> £	<u>1997</u> £
Group Relief @ 31% (1997: 32%)		
- current year	-	4,000
Corporation Tax @ 31% (1997: 32%)		
- current year	(573,746)	-
Transfer from deferred taxation (note 7)		
- current year	-	3,265
- prior year	5,967	-
- restatement on account of tax rate change	-	(13,232)
	<u>(567,779)</u>	<u>(5,967)</u>

5. **Profit dealt with in the accounts of ANZ Investments (UK) Limited**

£(3,376) of the group loss attributable to ordinary shareholders has been dealt with in the accounts of the Company. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company has not been presented separately.

6. **Dividends paid and proposed**

The Directors do not recommend the payment of a dividend.

7. **Deferred tax asset**

Movements in the group deferred tax asset account are as follows:

	<u>Rental</u> <u>Provision</u> £	<u>1998</u> <u>Tax</u> <u>Losses</u> £	<u>Total</u> £	<u>1997</u> <u>Total</u> £
At 1 October / 4 April	384,966	29,235	414,201	-
Transferred to profit and loss account (note 4)				
- current year	-	-	-	7,265
- prior year	35,202	(29,235)	5,967	-
- restatement on account of tax rate change	-	-	-	(13,232)
Other movements	(420,168)	-	(420,168)	420,168
	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,201</u>
At 30 September	-	-	-	414,201

There was no deferred tax asset held in the Company either at 30 September 1997 or 30 September 1998.

8. **Tangible fixed assets**

	Equipment Fixtures & Fittings £	Computers and Office Machines £	Motor Vehicles £	Total £
Cost:				
At 1 October 1997	1,190	78,905	4,900	84,995
Additions	-	902	-	902
At 30 September 1998	<u>1,190</u>	<u>79,807</u>	<u>4,900</u>	<u>85,897</u>
Accumulated Depreciation:				
At 1 October 1997	(258)	(31,669)	(4,900)	(36,827)
Disposals	-	-	-	-
Charge for the year	(238)	(14,925)	-	(15,163)
At 30 September	<u>(496)</u>	<u>(46,594)</u>	<u>(4,900)</u>	<u>(51,990)</u>
Net book value at 30 September 1998	<u>694</u>	<u>33,213</u>	<u>-</u>	<u>33,907</u>
Net book value at 30 September 1997	<u>932</u>	<u>47,236</u>	<u>-</u>	<u>48,168</u>

The Company held no tangible fixed assets at either 30 September 1998 or 30 September 1997.

9. **Provisions for liabilities and charges**

During the period ended 30 September 1997 a provision of £1,313,026 was transferred from ANZ Securities Ltd to ANZ Securities (UK) Ltd in respect of the net present value of lease rentals payable over the remaining lease period in excess of current market rental rates. Movements of the provision during the current year are analysed below:

	1998 £	1997 £
At 1 October / 4 April	1,241,825	-
Transferred from ANZ Securities Ltd	-	1,313,026
Provision released	(137,346)	(71,201)
At 30 September	<u>1,104,479</u>	<u>1,241,825</u>

The provision can be analysed as follows:

	1998 £	1997 £
Due within one year	130,868	137,346
Due after more than one year	973,611	1,104,479
	<u>1,104,479</u>	<u>1,241,825</u>

The Company held no provisions for liabilities and charges at either 30 September 1997 or 30 September 1998.

10. Shares in group undertakings

	Cost £	Provisions £	Carrying value £
Company:			
At 1 October 1997	899,606	-	899,606
Acquisitions	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 September 1998	899,606	-	899,606
	<hr/>	<hr/>	<hr/>
		1998 £	1997 £
Subsidiary undertakings:			
Credit Institutions		-	-
Other		899,606	899,606
		<hr/>	<hr/>
Total - all unlisted		899,606	899,606
		<hr/>	<hr/>

The principal subsidiary undertakings at 30 September 1998 are:

	Classes of share and date of acquisition	Interest per cent	Principal area of operation and country of incorporation	Accounting reference date and nature of business
<u>United Kingdom</u>				
ANZ Securities (UK) Limited	GBP 1 ORD 1 May 1997	100	England	30 September Australian equity agency broker
ANZ Emerging Markets Holdings Limited	GBP 1 ORD 1 May 1997	100	England	30 September Holding Company
ANZ Emerging Markets Corporate Finance Limited	GBP 1 ORD 1 May 1997	100	England	30 September Corporate Finance adviser
ANZ Emerging Markets Fund Management Limited	GBP 1 ORD 1 May 1997	100	England	30 September Fund Management

All of the above subsidiary undertakings are included in the consolidated accounts using the acquisition method of accounting.

The contribution of significant subsidiaries to the group's result is as follows:

<u>Subsidiary</u>	<u>Share Capital</u> £	<u>Share Premium</u> £	<u>Reserves</u> £	<u>Profit/(Loss) After Tax</u> £
ANZ Securities (UK) Limited	19,184,002	75,000	(18,778,124)	(356,263)
ANZ Emerging Markets Corporate Finance Limited	100,000	-	45,828	842,799
ANZ Emerging Markets Fund Management Limited	200,000	-	3,339	843,737

11. Called up share capital

	Authorised		Issued and fully paid	
	1998 £	1997 £	1998 £	1997 £
Equity:				
Ordinary shares of £1 each	1,000,000	100,000	900,000	900,000

12. Directors' emoluments

The Directors are employed and remunerated in respect of their services to the group as a whole and their remuneration was borne by the ultimate holding company, Australia and New Zealand Banking Group Limited.

13. Cash Flow Statement

Under Financial Reporting Standard 1 (Revised 1996), the Company is exempt from the requirement to prepare a consolidated cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking whose cash flows are included within a consolidated cash flow statement.

14. Related party transactions

As 100% of the Company's voting rights are controlled within the group headed by Australia and New Zealand Banking Group 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 (or investees of the Group which qualify as related parties). The consolidated financial statements of Australia and New Zealand Banking Group Limited, within which this company is included, can be obtained from the Australian Securities and Investments Commission, Melbourne, Victoria.

15. Ultimate holding company

Australia and New Zealand Banking Group Limited, incorporated in Australia, is the ultimate holding company. A copy of its accounts may be obtained from the Australian Securities and Investments Commission, Melbourne, Victoria.

ANZ Funds Pty Ltd, incorporated in Australia, is the immediate holding company. A copy of its accounts may be obtained from the Australian Securities and Investments Commission, Melbourne, Victoria.

16. Post Balance Sheet event

Following an operational review of current activities, ANZ Securities (UK) Limited has decided to focus its activities on the provision of corporate finance advice. At the same time, the agency brokerage business of ANZ Securities (UK) Limited will be wound down. ANZ Securities (UK) Limited will continue to be regulated by the SFA.