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**PERMAL INVESTMENT MANAGEMENT SERVICES LIMITED**

**Directors' Report and Accounts**  
**31st December 1998**



# **PERMAL INVESTMENT MANAGEMENT SERVICES LIMITED**

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## **Directors' Report and Accounts**

For the period from incorporation on 26th March 1998 to 31st December 1998

**Registered number: 3535219**

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## Report of the Directors

The directors present their report and the audited accounts for the period from incorporation on 26th March 1998 to 31st December 1998.

### Results and Dividend

The loss for the period and the state of the company's affairs are as set out in the attached accounts. The directors do not recommend the payment of a dividend.

### Review of the Business

The company has been established to provide support services for a fellow subsidiary company, and to act as investment manager or investment advisor to certain funds within the Permal Family of Funds.

An application was made to The Securities and Futures Authority on 18th September 1998 for the company to become authorised to conduct investment business as an ISD Category C regulated firm. The company anticipates receiving authorisation in the second quarter of 1999.

### Directors

DH&B Directors Limited and DH&B Managers Limited were appointed directors on 26th March 1998 and both resigned on 1st September 1998.

The directors of the company at 31st December 1998, each of whom was appointed on 1st September 1998, are:

P. W. Longland (Chairman)  
J.R.M. Perrette (French)  
E. de La Haye Jousselin (French)  
D. Fielden

None of the above had any disclosable interest in the share capital of the company or the ultimate parent undertaking during the year.

### Prompt Payment Policy

It is the policy of the company to pay all invoices in accordance with contract and payment terms. Unless agreed otherwise, these terms are taken to be 30 days from the date of the invoice.

### Year 2000

The accounts of the company are maintained on computer equipment and software purchased during 1998 all of which management considers is Year 2000 compliant.

### Auditors

PricewaterhouseCoopers were appointed auditors on 8th September 1998 and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By Order of the Board

D. Fielden  
Secretary



25 St. James's Street  
London SW1A 1HA  
31st March 1999

### **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 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 financial statements on the going concern basis unless it is not appropriate.

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 prevent and detect fraud and other irregularities.

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**Report of the Auditors**  
to the member of Permal Investment Management Services Limited

We have audited the financial statements on pages 5 to 8.

*Respective responsibilities of directors and auditors*

The directors are responsible for preparing the Annual Report including, as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

*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 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 the company's affairs at 31 December 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
London  
31 March 1999

## PERMAL INVESTMENT MANAGEMENT SERVICES LIMITED

### **Profit and Loss Account**

For the period from incorporation on 26th March 1998 to 31st December 1998

	Notes	£
Administrative expenses		(243,172)
<b>Profit and loss account deficit carried forward</b>	<b>2</b>	<b><u>(243,172)</u></b>

The loss arises from continuing operations. There are no recognised gains or losses other than those in the profit and loss account.

There is no material difference between the results reported in the profit and loss account and the equivalent historical cost basis of those results.

The notes on pages 7 to 8 form part of these accounts

# PERMAL INVESTMENT MANAGEMENT SERVICES LIMITED

## Balance Sheet

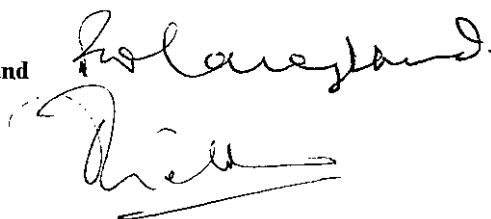
at 31st December 1998

	Notes	£
<b>ASSETS</b>		
<b>Fixed Assets</b>		
Computer equipment	6	8,979
<b>Current Assets</b>		
Cash at bank		15,009
<b>Current Liabilities</b>		
Creditors: Amounts falling due within one year	7	(267,158)
<b>Net Current Liabilities</b>		(252,149)
<b>Net Liabilities</b>		(243,170)
<b>LIABILITIES</b>		
<b>Capital and Reserves</b>		
Called up equity share capital	8	2
Profit and loss account deficit		(243,172)
<b>Equity Shareholders' Funds</b>		(243,170)

Approved by the directors on 31st March 1999:

P. W. Longland

D. Fielden



The notes on pages 7 to 8 form part of these accounts

# PERMAL INVESTMENT MANAGEMENT SERVICES LIMITED

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## Notes to the Accounts

For the period from incorporation on 26th March 1998 to 31st December 1998

### 1. Accounting Policies

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

As permitted by Financial Reporting Standard 1 (revised), no cash flow statement is presented in these accounts as the company is a wholly-owned subsidiary of Worms & Cie S.A. which presents such a statement in its own accounts.

In addition, advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Worms & Cie S.A. or other group or associated undertakings as the consolidated financial statements of Worms & Cie S.A. in which the company is included are publicly available.

#### Fixed Assets:

Fixed assets are depreciated on a straight line basis over their estimated useful lives at the following annual rate:

Computer equipment - 33.3%

### 2. Operating loss on ordinary activities

The operating loss on ordinary activities is stated after charging:

Auditors' remuneration:	£
for services as auditor	5,000
for non-audit services	<u>25,179</u>

### 3. Directors' Emoluments and Expenses

The emoluments of the highest and only paid director were £57,725. In addition, at the balance sheet date, the company had accrued contributions to be paid to a personal pension scheme for the benefit of the same director totalling £6,000. No other director received emoluments or fees in the year for their services to the company.

The average number of directors employed during the period was four.

### 4. Employees (including Directors)

Salaries	£
Social security costs	77,406
Contributions to director's personal pension scheme	7,624
	<u>6,000</u>
	<u>91,030</u>

The average number of employees (including directors) during the period was five.



## PERMAL INVESTMENT MANAGEMENT SERVICES LIMITED

### **Notes to the Accounts continued**

For the period from incorporation on 26th March 1998 to 31st December 1998

#### **5. Taxation**

In accordance with SSAP 15 no tax relief in respect of losses incurred in the period has been taken in these accounts as the company had not commenced trading at the balance sheet date.

#### **6. Fixed Assets**

Computer equipment:	£
Purchased in period	10,100
Less: Depreciation	1,121
	<u>8,979</u>

#### **7. Creditors**

	£
Amount owed to parent company	174,998
Accruals	53,000
Other creditors	39,160
	<u>267,158</u>

#### **8. Equity Share Capital**

Ordinary shares of £1 each	£
Authorised	<u>400,000</u>
Allotted, issued and fully paid	<u>2</u>

On 24th February 1999 the company passed an ordinary resolution to increase its authorised share capital by the creation of a further 200,000 ordinary shares of £1 each. On the same day the company's sole shareholder applied for, and was allotted, the balance of the shares unissued totalling 599,998 ordinary shares of £1 at par to ensure the company had adequate regulatory capital.

#### **9. Ultimate Parent Undertaking**

The company's ultimate parent company is IFI - Istituto Finanziario Industriale S.p.A., a company established in Italy. IFI is also the parent undertaking of the largest group which includes the company and for which group accounts are prepared.

The parent undertaking of the smallest group which includes the company is Worms & Cie S.A., a company incorporated in France. The accounts of Worms & Cie S.A. are available from 25 Avenue Franklin D. Roosevelt, 75008 Paris, France.