Kleinwort Benson

Kleinwort Benson Group Limited

Directors' report and financial statements

31 December 2010

Company No 07061507

Contents

Directors' report

The directors present their report and audited financial statements for the period from 30 October 2009 to 31 December 2010

Principal activity

The principal activity of the Company is that of a holding company

Results and dividends

During the period, the Company made a loss on ordinary activities, after taxation of GBP 921,000 The directors do not recommend the payment of a final dividend

Business review

Kleinwort Benson Group Limited was incorporated on 30 October 2009 and started its operations on 1 July 2010 when it acquired Kleinwort Benson Bank Limited (formerly Kleinwort Benson Private Bank Limited) and Kleinwort Benson Channel Islands Holdings Limited (together "Kleinwort Benson") from Commerzbank AG

The Company was formerly known as KB Financial Services Holdings Limited (formerly Rainbay Limited) and was renamed Kleinwort Benson Group Limited ("Kleinwort Benson Group") in August 2010

The acquisition of Kleinwort Benson marks the beginning of the Company's transformation into the holding company of an active and dynamic financial services group The parent company, RHJ International S A ("RHJ International"), seeks to add incremental new business via Kleinwort Benson Group, developing it with an exclusive focus on banking and financial services This will allow Kleinwort Benson Group, via its subsidiaries, to broaden its product offerings focusing on wealth management (including fiduciary), specialised asset management and financial advisory services

The strategy was further shown on 11 October 2010 when Kleinwort Benson Group acquired KBC Asset Management Limited (Dublin), which has been renamed Kleinwort Benson Investors Dublin Limited ("Kleinwort Benson Investors")

Kleinwort Benson Investors is an asset management firm which manages discretionary assets for global institutional clients and offers specialist equity products in three core competence areas with strong growth prospects environmental equities, dividend oriented equities and multi assets strategies Headquartered in Dublin, Ireland, Kleinwort Benson Investors has a strong client base in Ireland, Asia and North America

Share capital

As at 31 December 2010, the Company has 241,325,543 authorised ordinary shares of GBP 1 each The Company authorised and issued 241,325,543 ordinary shares of GBP 1 each for a consideration of GBP 241,325,543 settled in cash during the period

Post balance sheet events

On 10 March 2011, Kleinwort Benson Channel Islands Holdings Limited, a wholly owned subsidiary of Kleinwort Benson Group Limited, agreed a deal to acquire Close Brothers Offshore Group ("COG") for a cash consideration of £29 1m, subject to adjustments by reference to the net asset position of the business at the time of completion and subject to regulatory approval

During March 2011, the Company authorised and issued 1,672,489 ordinary shares of GBP 1 each for a consideration of GBP 1,672,489 settled in cash

Risk and uncertainties

The Company acts as a holding company and therefore the Directors do not consider it necessary to include a discussion of risks and uncertainties within their Directors' Report The risks and uncertainties that the Company's subsidiary undertakings may be exposed to are discussed in the accounts of each legal entity

Directors

The following directors have held office since 30 October 2009

A J Adcock	Andrew Adcock is an independent non-executive director of the Company He was appointed on 8 February 2011
L H Fisher	Leonhard Fischer is Chief Executive of the Company and was appointed on 1 July 2010
G R Häusler	Gerd Häusler is a non-executive director of the Company He was appointed on 1 July 2010
K N von Schweinitz	Konstantin Graf von Schweinitz is an independent non-executive director of the Company He was appointed on 1 July 2010
J W Sillem	Jeremy Sillem is a non-executive director of the Company He was appointed on 1 July 2010
A C D Yarrow	Alan Yarrow is the independent non-executive Chairman of the Company and was appointed on 1 July 2010
R Schmid-Kuhnhöfer	Appointed as sole director on 6 November 2009 and resigned on 1 July 2010
A J Levy	Appointed 30 October 2009 and resigned on 6 November 2009
D J Pudge	Appointed 30 October 2009 and resigned on 6 November 2009

None of the directors benefited from qualifying third party indemnity provisions during the period or at the date of this report

Corporate governance

As at 31 December 2010, the Board of Directors comprised one executive director and four non-executive directors, two of which are fully independent The non-executive directors participate fully with their executive colleague in Board Meetings and have access to any information they need to perform their duties

The roles of Chairman and Chief Executive are separated and are clearly defined The Chairman is primarily responsible for the working of the Board and the Chief Executive for the running of the business and implementation of Board strategy and policy

The appointment of directors is considered by the Board and approved by the shareholder Directors need not retire by rotation or stand for re-election by the shareholder

The Board will have approximately four substantive meetings each year, a programme is prepared which ensures that the directors are able regularly to discharge their duties Matters reserved for the attention of the Board include determination of the Company's strategy, reviews of budgets and financial statements, company acquisitions and disposals and major capital expenditure

Every director is offered training upon appointment and as necessary during their appointment All directors have access to the advice and services of the Company Secretary and may seek independent professional advice, if necessary, at the Company's expense

Employees

It is the Company's policy to give full and fair consideration to employees, workers and potential employees without regard to race, colour, nationality or national origin, sex, gender reassignment, marriage, disability, age, sexual orientation, religion or belief Any Company policies, practices and procedures relating to resourcing, training, development and promotion are administered equally and in accordance with all applicable laws

It is the Company's policy to provide equal opportunities in all aspects of employment from the sourcing and selection of candidates for recruitment and training of employees to terms and conditions of employment and reasons for termination of employment and to ensure that any employment decisions are taken without reference to irrelevant or discriminatory criteria

Policy statement on payment of creditors

The Company's policy is to agree terms of payment before business is transacted, to ensure third party suppliers are aware of their terms and to settle accounts in accordance with them The number of creditor days in relation to suppliers' balance outstanding at period end was 57 days

Political and charitable contributions

No political or charitable contributions were made during the period

Disclosure of information to auditors

In accordance with the provisions of section 418 of the Companies Act 2006 the directors who held office at the date of approval of this directors' report confirm that so far as they are each aware there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information Words and phrases used in this confirmation should be interpreted in accordance with section 418 of the Companies Act 2006

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

Statement of Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law, the directors must not approve the financial statements unless they are satisfied that they 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 directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006 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

Approved by the Board of directors

Signed on behalf of the Board

J C Boait Secretary	J C Boait
Kleinwort Benson Group Limited Company No 07061507 30 Gresham Street, London EC2V 7PG	1 April 2011

Independent auditors' report to the directors of Kleinwort Benson Group Limited

We have audited the financial statements of Kleinwort Benson Group Limited for the 14 month period ended 31 December 2010 set out on pages 7 to 17 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Nicholas J Edmonds (Senior Statutory Auditor) For and on behalf of KPMG Audit Plc, Statutory Auditor Chartered Accountants	
15 Canada Square London E14 5GL United Kingdom	1 April 2011

Profit and loss account

For the 14 month period ended 31 December 2010	Notes	From 30 October 2009 (date of incorporation) to 31 December 2010 GBP '000
Turnover	2	-
Cost of sales		-
Gross profit		-
Administrative expenses	3	(921)
Loss on ordinary activities before tax	**4**	**(921)**
Tax on loss on ordinary activities	5	-
Loss on ordinary activities after tax for the period		**(921)**

There were no other recognised gains or losses in the period other than the loss for that period

There is no difference between the loss on ordinary activities before taxation and their historical cost equivalents

All income and loss are in respect of continuing operations

The accounting policies and notes on pages 9 to 17 form part of these accounts

Balance sheet

As at 31 December 2010	Notes	2010 GBP '000
Fixed assets		
Tangible fixed assets	6	2,886
Investments in subsidiary undertakings	7	237,742
		240,628
Current assets		
Cash at bank and in hand		5
Debtors falling due within one year	8	7
Total current assets		**12**
Creditors falling due within one year	9	(235)
Net current liabilities		**(223)**
Total assets less current liabilities		**240,405**
Shareholders' funds		
Called up share capital	10	241,326
Profit and loss account	11	(921)
Total shareholders' funds		**240,405**

Approved and authorised for issue by the Board of Directors on 1 April 2011 and signed on its behalf by

A C D Yarrow Chairman		K N Graf von Schweinitz Director	

The accounting policies and notes on pages 9 to 17 form part of these accounts

Notes to the financial statements

1 Accounting policies

(a) Basis of preparation

Kleinwort Benson Group Limited (the "Company") is a company incorporated and domiciled in the United Kingdom

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

Taking advantage of section 400 of the Companies Act 2006, group accounts have not been prepared as the Company is itself a wholly owned subsidiary of another company established under the law of a member State of the European Economic Community These financial statements present information about the Company as an individual undertaking and not about its group

As the Company is a wholly owned subsidiary of RHJ International S A , the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

Going concern

The financial statements have been prepared on a going concern basis The Company has sufficient level of capital as reflected in its shareholders' funds The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future

(b) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment in value

(c) Tangible fixed assets and depreciation

Tangible fixed assets are shown at cost less accumulated depreciation Depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life as follows

Leasehold buildings	- life of lease
Fixtures and fittings	- 3 years
Motor vehicles	- 4 years

Fixed assets are periodically reviewed for impairment Where the carrying amount is greater than its estimated recoverable amount, the asset is written down to its recoverable amount Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate

1 Accounting policies (continued)

(d) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment If any such indication exists then the asset's recoverable amount is estimated

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset In determining fair value less costs to sell an appropriate valuation model is used For the purpose of impairment testing assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU")

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount Impairment losses are recognised in the profit and loss account Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis

An impairment loss in respect of goodwill is not reversed In respect of other assets impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization if no impairment loss had been recognised

(e) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities in foreign currencies are translated into sterling at mid market closing rates of exchange ruling at the balance sheet date All foreign exchange translation differences are recognised in the profit and loss account

(f) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

1 Accounting policies (continued)

(g) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Current tax is the expected tax payable or receivable on the taxable income or loss for the period using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of prior periods

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes Deferred tax is not recognised for the following temporary differences the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future In addition deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously

A deferred tax asset is recognised for unused tax losses tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised

(h) Functional and presentation currency

These financial statements are presented in GBP, which is the Company's functional currency Except as indicated, financial information presented in GBP has been rounded to the nearest thousand

(i) Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) not to prepare a cash flow statement, as the parent undertaking, RHJ International S A prepares consolidated accounts which are publicly available

2 Segmental information

The Company's business relates to that of a holding company and provision of services to subsidiary undertakings The Company operates from a single geographical location, namely the United Kingdom

3 Administrative expenses

Staff costs (including directors)	For the period ended 31 December 2010 GBP '000
Wages and salaries	303
Social security costs	10
	313

Average number of employees (including directors) for the period to 31 December 2010	4

Directors' remuneration	For the period ended 31 December 2010 GBP '000
Aggregate emoluments	185

There are no retirement benefits accruing for the directors

Highest paid director	For the period ended 31 December 2010 GBP '000
Aggregate emoluments	125

4 Loss on ordinary activities before tax

Loss on ordinary activities before taxation is stated after charging.	For the period ended 31 December 2010 GBP '000
Depreciation	28

Auditors' remuneration (excluding VAT) for the period ended 31 December 2010 is set out below

	For the period ended 31 December 2010 GBP '000
Audit of these financial statements	9
Non-statutory audit fees	5
Total fees paid to auditors	**14**

5 Tax on loss on ordinary activities

Taxation is based on the results for the period and comprises:	For the period ended 31 December 2010 GBP '000
Total tax on loss on ordinary activities	-

The current tax charge for the period is lower than the standard rate of corporation tax in the UK 28% The differences are explained below

Factors affecting current tax charge for the period	GBP '000
Loss on ordinary activities before tax	(921)
Loss on ordinary activities at standard rate of corporation tax in the UK of 28%	(258)
Effects of:	
Expenses not deductible for tax purposes	135
Losses available for carry-forward	115
Depreciation in excess of capital allowances	8
Current tax charge for period	-

Losses carried forward of GBP 411,000 have not been recognised as deferred tax assets as it is not expected that future profits will be available to utilise these assets in the short term

6 Tangible fixed assets

Cost	Leasehold buildings GBP '000	Furniture, fittings and equipment GBP '000	Motor vehicles GBP '000	Total GBP '000
Additions	2,838	16	60	2,914
At 31 December 2010	**2,838**	**16**	**60**	**2,914**

Depreciation				
Charge for the period	12	2	14	28
At 31 December 2010	**12**	**2**	**14**	**28**

Net book value at 31 December 2010	**2,826**	**14**	**46**	**2,886**

7 Investment in subsidiary undertakings

	2010 GBP '000
Additions	237,742
At 31 December 2010	**237,742**

During the period, the Company acquired Kleinwort Benson Bank Limited (formerly Kleinwort Benson Private Bank Limited) and Kleinwort Benson Channel Islands Holdings Limited (together "Kleinwort Benson") from Commerzbank AG for a total cash consideration of EUR 251 9 million excluding post closing adjustments Both acquired companies' principal activities are that of private banking

On 11 October 2010, the Company also acquired KBC Asset Management Limited (Dublin), a company registered in Ireland, for total cash consideration of EUR 23 7 million excluding post closing adjustments The business has now been renamed Kleinwort Benson Investors Dublin Limited ("Kleinwort Benson Investors")

The Company has investments in the following subsidiaries which principally affected the profits or net assets of the group Details of investments in subsidiaries which are not significant or dormant have not been disclosed

7 Investment in subsidiary undertakings (continued)

	Country of incorporation	Principal activities	Percentage of equity shares held
Direct holdings			
Kleinwort Benson Bank Limited	UK	Private Banking	100
Kleinwort Benson Channel Islands Holdings Limited	Guernsey	Holding Company	100
Kleinwort Benson Investors Dublin Limited	Ireland	Private Banking	100
Indirect holdings			
Kleinwort Benson Trustees Limited	UK	Trustee and Nominee	100
Kleinwort Benson (Channel Islands) Fund Services Limited	Guernsey	Fund Administration	100
Kleinwort Benson (Guernsey) Limited	Guernsey	Custodian Trustee	100
Kleinwort Benson (Channel Islands) Limited	Jersey	Private Banking	100
Kleinwort Benson (Channel Islands) Investment Management Limited	Jersey	Investment Management	100
Kleinwort Benson (Channel Islands) Trustees Limited	Guernsey	Fiduciary Services	100

8 Debtors falling due within one year

	2010 GBP '000
Amount owed by subsidiary undertakings	-
Others	7
	7

9 Creditors falling due within one year

	2010 GBP '000
Amount owed to parent undertaking	200
Amount owed to subsidiary undertakings	8
Accruals	27
	235

10 Called up share capital

	2010 GBP '000
Authorised 241,325,543 ordinary shares of GBP 1 each	241,326
Allotted and fully paid 241,325,543 ordinary shares of GBP 1 each	241,326

As at 31 December 2010, the Company has 241,325,543 authorised ordinary shares of GBP 1 each The Company authorised and issued 241,325,543 ordinary shares of GBP 1 each for a consideration of GBP 241,325,543 settled in cash during the period

11 Reconciliation of movements in shareholders' funds and statement of movements on reserves

	Issued share capital GBP '000	Profit & loss account GBP '000	Total 2010 GBP '000
At 30 October 2009	-	-	-
Shares issued	241,326	-	241,326
Loss for the period	-	(921)	(921)
At 31 December 2010	**241,326**	**(921)**	**240,405**

12 Commitments and contingent liabilities

There were no commitments or contingent liabilities during the period

13 Post balance sheet events

On 10 March 2011, Kleinwort Benson Channel Islands Holdings Limited, a wholly owned subsidiary of Kleinwort Benson Group Limited, agreed a deal to acquire Close Brothers Offshore Group ("COG") for a cash consideration of £29 1m, subject to adjustments by reference to the net asset position of the business at the time of completion and subject to regulatory approval

During March 2011, the Company authorised and issued 1,672,489 ordinary shares of GBP 1 each for a consideration of GBP 1,672,489 settled in cash

14 Directors' loans and other transactions

There were no loans or arrangements made to external parties on behalf of directors of the Company

15 Related party disclosures

At 31 December 2010, the Company was a wholly owned subsidiary of RHJ International S A and the consolidated financial statements of RHJ International are publicly available (see Note 16) Accordingly, advantage is taken in these financial statements of the exemptions available in Financial Reporting Standard No 8 on 'Related Party Disclosures' for the disclosure of transactions with entities that are part of the group or investees of group entities qualifying as related parties

16 Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking and controlling party is RHJ International S A (Euronext RHJI), a company incorporated in Belgium under Belgium Law It is also the smallest and largest group in which the results of the Company are consolidated The financial statements of RHJ International S A are available to the public and may be obtained from RHJ International, Investor Relations, Avenue Louise 326, 1050 Brussels, Belgium