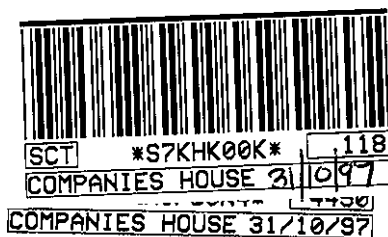


INVERESK STOCKHOLDERS LIMITED
REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1996



A handwritten signature or scribble, consisting of several overlapping loops, is located to the right of the stamp.

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited financial statements for the year ended 31 December 1996.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is an investment holding company for the US subsidiaries of the Kleinwort Benson Group.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were:-


P E Churchill-Coleman
S A Jack (appointed 7 August 1996)
R C H Jeens (resigned on 4 March 1996)
S P Ball (appointed on 4 March 1996)

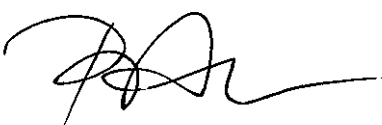
None of the directors had any interests in the share capital of the Company. S P Ball had an interest in 123,916 Dresdner Investment (UK) plc Loan Notes of £1 on 4 March 1996, and at the end of the year he had an interest in 74,916 Loan Notes. S A Jack had an interest in 39,164 Dresdner Investment (UK) plc Loan Notes on 7 August 1996 and at the end of the year he had an interest in 20,612 Loan Notes. P E Churchill-Coleman had no disclosable interests in the shares, options and debentures of group companies.

The directors are exempt from disclosing their interests in the shares or debentures of the ultimate parent company, Dresdner Bank AG, as it is incorporated outside the UK.

AUDITORS

The Company has passed an Elective Resolution in accordance with Section 379A Companies Act 1985 to dispense with the annual appointment of auditors; accordingly Coopers & Lybrand will remain in office.


Approved by the Board of Directors
Signed on behalf of the Board


P A M Bentick-Owens
Secretary

20 Fenchurch Street
London EC3P 3DB

3 October 1997

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 as at the end of the financial year 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;
- 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 9 .

Respective responsibilities of directors and auditors

As described on page 2 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.

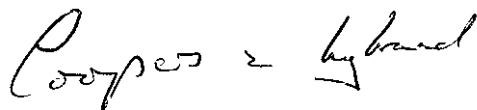
Basis of opinion

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 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 as at 31 December 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985



Coopers & Lybrand
Chartered Accountants and
Registered Auditors
1 Embankment Place
London
WC2N 6NN

31 October 1997

PROFIT AND LOSS ACCOUNT**Year ended 31 December 1996**

	Note	1996 £	1995 £
Other interest receivable from group undertaking		5,969,287	742,046
Other interest payable to group undertaking		(5,969,287)	(1,527,208)
Other operating income		54,163	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		54,163	(785,162)
Taxation	4	(17,874)	259,103
		<hr/>	<hr/>
Profit/(loss) for the financial year		36,289	(526,059)
Non equity dividends	7	(12,600)	(12,600)
		<hr/>	<hr/>
Retained profit/(loss) for the year		23,689	(538,659)
		<hr/>	<hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**Year ended 31 December 1996**

		1996 £	1995 £
Profit/(loss) for the financial year		36,289	(526,059)
Currency translation differences on foreign currency net investments		-	(22,647)
Prior year adjustments	8	-	(321,121)
		<hr/>	<hr/>
Total recognised gains and losses for the year		36,289	(869,827)
		<hr/>	<hr/>

For the purposes of Financial Reporting Standard No.3 all activities are continuing.

The notes on pages 6 to 9 form part of these financial statements.

A statement showing the movement in reserves is set out in note 8 on page 9.

There is no difference between the profit on ordinary activities before taxation and profit for the financial year stated above, and their historical cost equivalents.

BALANCE SHEET
as at 31 December 1996

	Note	1996 £	1996 £	1995 £	1995 £
Fixed assets					
Investment	5		28,579,586		31,292,862
Current assets					
Group relief receivable		4,882		281,743	
Cash		663,555		1,138,352	
		<hr/>		<hr/>	
		668,437		1,420,095	
Creditors - amounts falling due within one year					
Amount owed to group companies:					
Parent and fellow subsidiaries		(29,233,633)		(32,903,063)	
		<hr/>		<hr/>	
Net current liabilities			(28,565,196)		(31,482,968)
			<hr/>		<hr/>
Total assets less current liabilities			14,390		(190,106)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	6		540,100		540,000
Share premium account	8		228,107		60,000
Profit and loss account	8		(753,817)		(790,106)
			<hr/>		<hr/>
Shareholders funds			14,390		(190,106)
			<hr/>		<hr/>
Attributable to equity shareholders			(717,310)		(909,206)
Attributable to non equity shareholders			731,700		719,100

These financial statements were approved by the Board of Directors on 3 October 1997.

Signed on behalf of the Board of Directors

Stephen A Jack

S A Jack
Director

The notes on pages 6 to 9 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 December 1996****1. ACCOUNTING POLICIES****a) Basis of preparation**

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The particular accounting policies adopted are described below.

In accordance with Section 228(1) of the Companies Act 1985, group accounts have not been prepared as the Company is itself a wholly owned subsidiary of Dresdner Bank AG incorporated in Germany.

b) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Exchange differences arising on the translation of the opening investment in overseas subsidiaries are shown as movements on reserves.

c) Cash flow statement

These financial statements do not include a cash flow statement as required by Financial Reporting Standard No.1 as a consolidated cash flow statement is prepared by Kleinwort Benson Group plc, the parent company as at 31 December 1996.

d) Investments

Investments in subsidiary companies are carried in the balance sheet at cost less provision for any permanent diminution in value.

e) Taxation

Full provision is made in the profit and loss account for current taxation.

f) Disclosure of related party transactions

Inveresk Stockholders Limited is a wholly owned subsidiary of Kleinwort Benson Group plc, the consolidated financial statements of which are publicly available, accordingly advantage is taken in these financial statements of the exemptions available in Financial Reporting Standard No.8 for disclosure of transactions with entities that are part of the group or investees of group entities as related parties.

2. TRADING

The Company received loans from parent companies and on-lent these monies to its subsidiary Kleinwort Benson Holdings Inc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 1996

3. DIRECTORS AND EMPLOYEES

The Company had no employees during the year. In addition, no director received any remuneration in respect of his services to the Company. All expenses are borne by Kleinwort Benson Limited, an intermediate parent company.

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Taxation is based on profit/losses for the year and comprises:

	1996 £	1995 £
Group relief (payable)/receivable at 33% of taxable profit/(loss) (1995 33%)	(17,874)	259,103
	<hr/>	<hr/>

5. INVESTMENTS HELD AS FIXED ASSETS

Shares in subsidiary undertakings	1996 £	1995 £
Cost at 31 December 1995	31,292,862	27,964,996
Prior year adjustment	-	(321,121)
	<hr/>	<hr/>
Cost at 1 January 1996	31,292,862	27,643,875
Additions	-	3,437,107
Exchange differences on investments denominated in foreign currency	(2,713,276)	211,880
	<hr/>	<hr/>
Cost at 31 December 1996	28,579,586	31,292,862
	<hr/>	<hr/>

- a) The Company owns the whole of the issued share capital of Kleinwort Benson Holdings Inc., a company incorporated in the United States of America. This company is engaged in securities related businesses.
- b) In the opinion of the directors the value of the investment in the subsidiary is not less than the amount shown on the balance sheet. Consolidated accounts have not been prepared as the Company is the wholly owned subsidiary of a company incorporated in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 1996

6. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised		
3.5% cumulative preference shares of £1 each	360,000	360,000
Ordinary shares of £1 each	180,100	180,000
Unclassified shares of £1 each	209,900	210,000
	<hr/>	<hr/>
	750,000	750,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
3.5% cumulative preference shares of £1 each	360,000	360,000
Ordinary shares of £1 each	180,100	180,000
	<hr/>	<hr/>
	540,100	540,000
	<hr/>	<hr/>

During 1996 100 ordinary shares of £1 each were issued to Kleinwort Benson Limited.

The rate of dividend of the 3.5% cumulative preference shares is 3.5% plus the associated tax credit. On a return of capital on a winding-up, the holders shall be entitled to £1 per share, in preference to all other classes of shareholders. Holders of these shares are not entitled to vote at meetings.

7. DIVIDENDS

No dividends have been paid on the 3.5% cumulative preference shares since 30 June 1966 and the arrears amount to £371,700 (1995 - £359,100).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 1996

8. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Issued Share Capital 1996 £	Share Premium 1996 £	Profit & Loss Account 1996 £	Total 1996 £	Total 1995 £
1 January	540,000	60,000	(790,106)	(190,106)	679,721
Prior year adjustment	-	-	-	-	(321,121)
Opening balance restated	540,000	60,000	(790,106)	(190,106)	358,600
Retained profit/(loss) for the year	-	-	23,689	23,689	(538,659)
Reversal of non equity dividend not appropriated	-	-	12,600	12,600	12,600
Currency translation difference on foreign currency net investment	-	-	-	-	(22,647)
Issue of ordinary shares	100	168,107	-	168,207	-
At 31 December	540,100	228,107	(753,817)	14,390	(190,106)

The prior year adjustment of £321,121 in 1995 relates to the US\$20 million investment in Kleinwort Benson Holdings Inc, being incorrectly stated in the 1994 financial statements. This reduced the cost of fixed assets at 1 January 1995.

9. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Dresdner Bank AG, a company incorporated in Germany. The parent undertaking of the smallest group of which the company is a member is Kleinwort Benson Group plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements will be filed in due course at the Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.