

**INVERESK STOCKHOLDERS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1995**

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**REPORT OF THE DIRECTORS**

The directors present their annual report together with the audited financial statements for the year ended 31 December 1995.

**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 unless otherwise stated, were:-

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

None of the directors had any interests in the share capital of the Company. The disclosable interests of the directors in the shares, options and debentures of group companies as at the year end are shown in the directors' report of Kleinwort Benson Limited.

**CHANGE OF ULTIMATE PARENT**

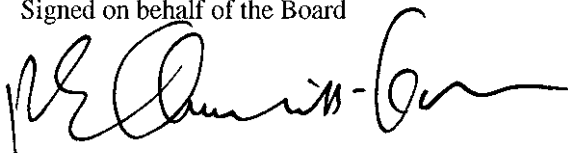
The ultimate parent company is Dresdner Bank AG. On 7 August 1995, Kleinwort Benson Group plc was acquired by Dresdner Investments (UK) plc, a company incorporated in Great Britain and registered in England and Wales. Dresdner Investments (UK) Plc is a wholly-owned direct subsidiary of Zenon Beteiligungs GmbH which is itself a wholly-owned direct subsidiary of Dresdner Bank AG.

**AUDITORS**

On 1 February 1996 the auditors changes the name under which they practice to Deloitte & Touche and, accordingly, have signed their report in their new name. Deloitte & Touche have indicated their intention to resign as auditors of the company following the approval of the report and accounts for the year ended 31 December 1995. At that time the directors will appoint Coopers & Lybrand as auditors of the company.

The company has passed an elective resolution in accordance with section 379A of the Companies Act 1985 to dispense with the annual appointment of the auditors; accordingly, once appointed by the directors, Coopers & Lybrand will remain in office.

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



P E Churchill-Coleman  
Director

7 January 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 8 which have been prepared under the accounting policies set out on page 6.

**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.

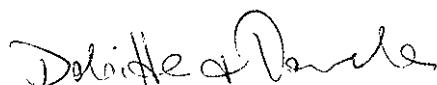
**Basis of opinion**

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 1995 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and  
Registered Auditors  
Stonecutter Court  
1 Stonecutter Street  
London  
EC4A 4TR

7 January 1997

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 1995

	Note	1995 £	1994 £
Interest receivable		742,046	489,211
Interest payable		(1,527,208)	(557,816)
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LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(785,162)	(68,605)
Taxation	3	259,103	22,640
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LOSS ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES		(526,059)	(45,965)
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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31 December 1995

	1995 £	1994 £
Loss for the financial year	(526,059)	(45,965)
Currency translation differences on foreign currency net investments	(22,647)	-
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Total recognised gains and losses relating to the year	(548,706)	(45,965)
Prior year adjustments (note 6)	(321,121)	-
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Total gains and losses recognised since last annual report	(869,827)	(45,965)
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For the purposes of Financial Reporting Standard No.3 all activities are continuing.

The notes on pages 6 to 8 form part of these accounts.

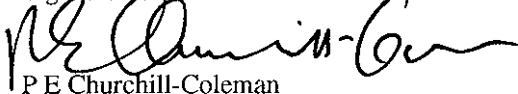
A statement showing the movement in reserves is set out in note 6 on page 8.

**BALANCE SHEET**  
as at 31 December 1995

	Note	1995 £	1994 as restated £
<b>FIXED ASSETS</b>			
Investment in subsidiary undertaking	4	31,292,862	27,643,875
<b>CURRENT ASSETS</b>			
Amounts owed by parent company		-	14,701,182
Group relief receivable		281,743	22,640
Cash		1,138,352	404,566
		<hr/>	<hr/>
		1,420,095	15,128,388
		<hr/>	<hr/>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Amount owed to group companies:			
Parent and fellow subsidiaries		(32,903,063)	(42,413,663)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(190,106)	358,600
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	540,000	540,000
Share premium account		60,000	60,000
Profit and loss account	6	(790,106)	(241,400)
		<hr/>	<hr/>
		(190,106)	358,600
		<hr/>	<hr/>
Equity shareholders funds		(550,106)	(1,400)
Non equity shareholders funds		360,000	360,000
		<hr/>	<hr/>
		(190,106)	358,600
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 7 January 1997

Signed on behalf of the Board of Directors



P E Churchill-Coleman

Director

The notes on pages 6 and 8 form an integral part of these accounts.

## NOTES TO THE ACCOUNTS

Year ended 31 December 1995

## 1. ACCOUNTING POLICIES

## a) Accounting Convention

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

## b) Foreign Investments

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

Investments are stated at cost less any provision for permanent diminution in value.

Exchange differences arising on the retranslation at closing rates of the net investments in the foreign subsidiaries are offset by related exchange differences arising on the retranslation of foreign currency borrowings.

## 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 ultimate parent company at the year end.

## 2. TRADING

The Company received loans from parent companies and on-lent these monies to its subsidiary Kleinwort Benson Holdings Inc. The expenses of the Company have been borne by Kleinwort Benson Limited, the parent company.

## 3. TAXATION

Taxation is based on losses for the year and comprises:

	1995 £	1994 £
Group relief receivable at 33% of taxable loss	259,103	22,640

## NOTES TO THE ACCOUNTS (CONTINUED)

## 4. FIXED ASSETS

	£
Cost at 31 December 1994	27,964,996
Prior year adjustment	(321,121)
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Cost at 1 January 1995	27,643,875
Additions	3,437,107
Exchange differences on investment denominated in foreign currency	211,880
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Cost at 31 December 1995	31,292,862
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- 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.
- 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.

## 5. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised		
360,000 3.5% cumulative preference shares of £1 each	360,000	360,000
180,000 ordinary shares of £1 each	180,000	180,000
210,000 unclassified shares of £1 each	210,000	210,000
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	750,000	750,000
	<hr/>	<hr/>
Allotted and fully paid	£	£
360,000 3.5% cumulative preference shares of £1 each	360,000	360,000
180,000 ordinary shares of £1 each	180,000	180,000
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	540,000	540,000
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On 16 February 1996 100 ordinary shares of £1 each were issued and allotted to Kleinwort Benson Limited.



## NOTES TO THE ACCOUNTS (CONTINUED)

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

	Issued Share Capital 1995 £	Share Premium 1995 £	Profit & Loss Account 1995 £	Total 1995 £	Total 1994 £
At 31 December 1994	540,000	60,000	79,721	679,721	725,686
Prior year adjustment			(321,121)		
Prior year balance restated	540,000	60,000	(241,400)	358,600	725,686
Retained loss for the year	-	-	(526,059)	(526,059)	(45,965)
Currency translation difference on foreign currency net investment	-	-	(22,647)	(22,647)	-
At 31 December 1995	540,000	60,000	(790,106)	(190,106)	725,686

The prior year adjustment of £321,121 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.

**7. DIVIDENDS**

No dividends have been paid on the 3.5% cumulative preference shares since 30 June 1966 and the arrears amount to £359,100 (1994 - £346,500).

**8. ULTIMATE PARENT COMPANY**

From 7 August 1995, the ultimate parent company is Dresdner Bank AG, a company incorporated in Germany. Prior to this date, the ultimate parent company is Kleinwort Benson Group plc, which is incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of both these companies for the year ended 31 December 1995, are filed at Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.