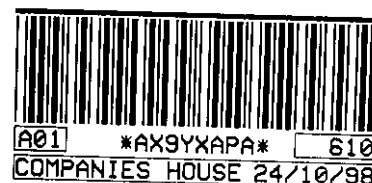


ABN AMRO Asset Management Limited

**(formerly ABN AMRO Carrington
Pembroke Limited)**
Report and Accounts

31 December 1997

999-159



ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

Registered No. 979759

DIRECTORS

A F Hames
G M Luckraft
N A D Thomas
N W A Bannister
T Cross Brown

SECRETARY

A F Hames

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

BANKERS

The Royal Bank of Scotland plc
49 Charing Cross
London SW1A 2DX

REGISTERED OFFICE

82 Bishopsgate
London EC2N 4BN

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

DIRECTORS' REPORT

The directors present their annual report and accounts for the period from 8 April 1997 to 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company is investment management for private clients, trust funds and pension funds. The principal activity of the company's subsidiary, ABN AMRO Fund Managers Limited, is unit trust management.

REVIEW OF DEVELOPMENTS, RESULTS AND DIVIDENDS

The company's profit and loss account is shown on page 5 and the balance sheet on page 6. The directors do not recommend payment of a dividend. The profit for the period of £23,000 is transferred to retained reserves.

On 26 January 1998, the company name was changed to ABN AMRO Asset Management Limited and the registered address changed to 82 Bishopsgate, London EC2N 4BN.

FIXED ASSETS

Movements in fixed assets during the period are shown in notes 8 and 9 to the accounts.

CHARITABLE CONTRIBUTIONS

Donations to UK charities amounted to £3,709.

DIRECTORS AND THEIR INTERESTS

The directors during the period were as follows:

J P Carrington (resigned 3 November 1997)

A F Hames

G M Luckraft

N A D Thomas

N W A Bannister (Chairman) (resigned as Chairman 4 August 1997)

T Cross-Brown (Chairman) (appointed 4 August 1997)

The directors have no interests in the share capital of the company or of other group companies.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



A F Hames
Secretary

24 April 1998

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which 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 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 accounts 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 accounts 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.

REPORT OF THE AUDITORS

**to the members of ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)**

We have audited the accounts on pages 5 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

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 accounts and to report our opinion to you.

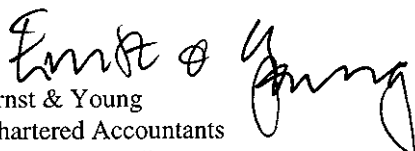
Basis of opinion

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 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 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 as at 31 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Chartered Accountants
Registered Auditor
London

24 April 1998

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

PROFIT AND LOSS ACCOUNT
for the period 8 April 1997 to 31 December 1997

		<i>Period from 8 April 1997 to 31 December 1997 £000</i>	<i>Year ended 7 April 1997 £000</i>
	<i>Notes</i>		
TURNOVER	2	1,778	2,252
Cost of sales		—	—
		<hr/>	<hr/>
GROSS PROFIT		1,778	2,252
Administrative expenses		(1,791)	(1,871)
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT		(13)	381
Income from shares in group undertakings		—	2,450
Interest receivable and similar income		61	72
Interest payable and similar charges	3	—	(1)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	48	2,902
Tax on profit on ordinary activities	5	(25)	(553)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL PERIOD		23	2,349
Dividends paid to equity shareholders		—	(3,150)
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		23	(801)
Retained profit brought forward		529	1,330
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		552	529
		<hr/>	<hr/>

All the company's activities are continuing.

There were no recognised gains or losses other than those shown in the profit and loss account.

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

BALANCE SHEET
at 31 December 1997

		31 December 1997	7 April 1997
FIXED ASSETS			
Tangible assets	8	53	64
Investments	9	75	75
		<u>128</u>	<u>139</u>
CURRENT ASSETS			
Debtors	10	1,033	269
Cash at bank and in hand		2,725	1,650
		<u>3,758</u>	<u>1,919</u>
CREDITORS: amounts falling due within one year	11	(3,071)	(1,266)
		<u>687</u>	<u>653</u>
NET CURRENT ASSETS			
		<u>815</u>	<u>792</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	12	79	79
Share premium account		184	184
Profit and loss account		552	529
		<u>815</u>	<u>792</u>
SHAREHOLDERS' FUNDS	14		
		<u>815</u>	<u>792</u>

George Lindvall

Director

24 April 1998

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 1997

1. ACCOUNTING POLICIES

Accounting convention

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

Group accounts

Group accounts are not prepared because the company is a wholly owned subsidiary of a company incorporated in the EC which prepares group accounts. These accounts present the net assets and results for the company as a single entity and not for its group.

Depreciation

Depreciation is charged on fixed assets on a straight line basis at the following rates per annum:

Fixtures and fittings	-	33% on cost
Computer equipment	-	33% on cost

Leases

Rental charges in relation to assets held under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Deferred taxation

Deferred taxation, calculated on the liability method, is provided to the extent that the directors consider that a liability will crystallise in the foreseeable future.

Income from securities

Income from securities is accounted for on a receivable basis.

Pensions

Since the acquisition of the company by ABN AMRO Equities Holdings (UK) Limited, the employees have been eligible for membership of a defined benefit separately funded group scheme. Charges made by ABN AMRO Equities Holdings (UK) Limited in respect of pension contributions equate to the regular cost of pensions, as determined with the advice of independent qualified actuaries, over the employees' working lives within the group. Information on the actuarial valuation of the scheme is presented in the accounts of ABN AMRO Management Services Limited.

2. TURNOVER

Turnover comprises investment management fees, all of which arise in the United Kingdom.

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 1997

3. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>Period from 8 April 1997 to 31 December 1997 £000</i>	<i>Year ended 7 April 1997 £000</i>
Compensation of loss on deal	—	1

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION
This is stated after charging:

	<i>Period from 8 April 1997 to 31 December 1997 £000</i>	<i>Year ended 7 April 1997 £000</i>
Auditors' remuneration - audit services	12	13
- non audit services	3	5
Depreciation of tangible fixed assets	35	38
Directors' emoluments (note 6)	577	804
Rental of premises	38	45

5. TAXATION

	<i>Period from 8 April 1997 to 31 December 1997 £000</i>	<i>Year ended 7 April 1997 £000</i>
UK corporation tax at 31% (7 April 1997 - 33% on profit) on ordinary activities	25	153
Tax credit on UK dividends received	—	400
	25	553

There are no unprovided deferred tax liabilities.

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 1997

6. REMUNERATION OF DIRECTORS

	<i>Period from 8 April 1997 to 31 December 1997 £000</i>	<i>Year ended 7 April 1997 £000</i>
Directors' emoluments	577	804
	<i>No.</i>	<i>No.</i>
Members of defined benefit pension scheme	2	1

The emoluments of the highest paid director were £157,500 (7 April 1997 - £309,946). No pension contributions were paid by the company in respect of this director (7 April 1997 - £nil).

7. STAFF COSTS

	<i>Period from 8 April 1997 to 31 December 1997 £000</i>	<i>Year ended 7 April 1997 £000</i>
Wages and salaries	1,020	1,128
Social security costs	88	160
Other pension costs	17	46
	1,125	1,334

The pension costs represent amounts payable into the pension plans of certain employees.

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	<i>Period from 8 April 1997 to 31 December 1997 No.</i>	<i>Year ended 7 April 1997 No.</i>
Investment managers	7	6
Administration	16	16
	23	22

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 1997

8. TANGIBLE FIXED ASSETS

	<i>Fixtures and fittings £000</i>	<i>Total £000</i>
Cost:		
At 8 April 1997	154	154
Additions	24	24
Disposals	(1)	(1)
	<hr/>	<hr/>
At 31 December 1997	177	177
	<hr/>	<hr/>
Depreciation:		
At 8 April 1997	90	90
Charge for period	35	35
Disposals	(1)	(1)
	<hr/>	<hr/>
At 31 December 1997	124	124
	<hr/>	<hr/>
Net book value:		
At 31 December 1997	53	53
	<hr/>	<hr/>
At 7 April 1997	64	64
	<hr/>	<hr/>

9. FIXED ASSET INVESTMENTS

	<i>£000</i>
Cost:	
At 7 April 1997 and 31 December 1997	75
	<hr/>

10. DEBTORS

	<i>31 December 1997 £000</i>	<i>7 April 1997 000</i>
Trade debtors	853	76
Other debtors	88	13
Prepayments and accrued income	38	155
Advance corporation tax recoverable	25	25
Corporation tax recoverable	29	-
	<hr/>	<hr/>
	1,033	269
	<hr/>	<hr/>

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 1997

11. **CREDITORS:** amounts falling due within one year

	31 December 1997 £000	7 April 1997 £000
Trade creditors	13	-
Amounts owed to immediate holding company	2,468	632
Other creditors	1	-
Corporation tax	25	56
Value added tax	-	81
Accruals and deferred income	564	497
	<u>3,071</u>	<u>1,266</u>

12. **CALLED UP SHARE CAPITAL**

	31 December 1997 £000	7 April 1997 £000
Authorised:		
40,000 ordinary shares of £1 each	40	40
40,000 deferred ordinary shares of £1 each	40	40
	<u>80</u>	<u>80</u>
Allotted, called up and fully paid:		
38,869 ordinary shares of £1 each	39	39
39,997 deferred ordinary shares of £1 each	40	40
	<u>79</u>	<u>79</u>

The deferred ordinary shares are non-equity. The holders of deferred ordinary shares:

- (i) are entitled to participate in dividends or distributions where the amount available for distribution exceeds £5 million in any one financial period;
- (ii) have priority over ordinary shareholders in the event of a winding up of the company to return of capital; and
- (iii) are not entitled to attend or vote at any general meeting.

13. **OPERATING LEASES COMMITMENT**

Payments under operating leases committed to be made during the following period are as follows:

	31 December 1997 £000	7 April 1997 £000
Commitment expiring in the second to fifth year inclusive:		
Rents payable on land and buildings	52	50
	<u>52</u>	<u>50</u>

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 1997

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Share capital £</i>	<i>Share premium £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 8 April 1996	79	184	1,330	1,593
Profit for the period	-	-	2,349	2,349
Dividends	-	-	(3,150)	(3,150)
At 8 April 1997	79	184	529	792
Profit for the period	-	-	23	23
At 31 December 1997	79	184	552	815
Non equity interests				40
Equity interests				775
				815

15. ULTIMATE HOLDING COMPANY

The company's immediate parent company is ABN AMRO Equities Holdings (UK) Limited, a company registered in England and Wales. The ultimate holding company is ABN AMRO Bank NV, a company incorporated in The Netherlands.

The parent undertaking of the group of undertakings for which group accounts are prepared and of which the company is a member is ABN AMRO Bank NV. The accounts of ABN AMRO Bank NV can be obtained from the company's registered office.

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from disclosure of transactions with group companies contained in Financial Reporting Standard No.8: Related Party Disclosures.

THE FOLLOWING TRADING AND PROFIT AND LOSS ACCOUNT DOES NOT FORM PART OF
THE AUDITED ACCOUNTS

ABN AMRO Asset Management Limited
(formerly ABN AMRO Carrington Pembroke Limited)

DETAILED PROFIT AND LOSS ACCOUNT
for the period from 8 April 1997 to 31 December 1997

	Period from 8 April 1997 to 31 December 1997 £000	Year ended 7 April 1997 £000
Fees earned	1,755	2,252
Loss on deals	—	(1)
Commissions	23	30
Interest received	61	42
Dividend income	—	2,450
	<u>1,839</u>	<u>4,773</u>
Salaries less amounts recharged	1,020	1,310
Pension costs	17	24
Commission payable	20	23
Rent and rates	55	53
Trade and sundry expenses	41	66
Motor expenses and travel	60	66
Printing, stationery and postage	15	51
Depreciation	35	38
Telephone and telex	14	26
Management charge	(197)	(224)
Audit and tax fees	15	13
Insurance	5	11
Bank charges and interest	—	1
Gas and electricity	2	3
Repairs and renewals	38	286
Legal and professional	579	20
Loss on sale of fixed asset	—	(24)
Promotional costs and advertising	72	128
	<u>(1,791)</u>	<u>(1,871)</u>
PROFIT BEFORE TAXATION	48	2,902
Taxation	(25)	(553)
PROFIT AFTER TAXATION	23	2,349
Dividends paid	—	(3,150)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	23	(801)
Retained profit brought forward	529	1,330
RETAINED PROFIT CARRIED FORWARD	<u>552</u>	<u>529</u>