

SMITH BROS NOMINEES LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH DECEMBER 2001**

COMPANY REGISTRATION NUMBER: 1047490



SMITH BROS NOMINEES LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH DECEMBER 2001

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SMITH BROS NOMINEES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28TH DECEMBER 2001

The directors present their annual report and the audited financial statements for the year ended 28th December 2001.

1. PRINCIPAL ACTIVITY

The company acts as a nominee company for fellow subsidiaries.

2. RESULTS

The company has not traded during the year and has, therefore, made neither a profit nor a loss (2000: £nil). The directors do not recommend the payment of a dividend on the ordinary shares of the company for the year (2000: £nil).

The directors propose that the principal activity of the company will continue during 2002.

3. DIRECTORS

The directors who served during the year and up to the date of signing this report were as follows:

| | | | |
|------|----------|-----------|-----------------------------|
| S.P. | Gooderum | - USA | Resigned 16th August 2001 |
| M.F. | Hayden | - British | |
| D. | Lewis | - British | Appointed 6th March 2001 |
| | | | Resigned 28th February 2002 |
| J.F. | Regan | - USA | Appointed 26th January 2001 |
| D.A. | Searle | - British | |
| D. | Thomson | - British | Appointed 26th January 2001 |

Alternate director

| | | | |
|------|---------|-----------|------------------------------|
| A.C. | Girling | - British | Alternate to D.A. Searle |
| | | | Appointed 26th January 2001 |
| | | | Rescinded 30th November 2001 |
| B.A. | McAll | - British | Alternate to D.A. Searle |
| | | | Appointed 30th November 2001 |

The directors have no beneficial interests in the share capital of the company or any other UK group company.

SMITH BROS NOMINEES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28TH DECEMBER 2001

4. AUDITORS

On the 7th May 1991, an elective resolution was passed by the shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint Auditors annually. Deloitte & Touche have indicated their willingness to continue in office.

BY ORDER OF THE BOARD



Director
London
16th April 2002

SMITH BROS NOMINEES LIMITED

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;
- state whether applicable accounting standards have been followed; 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 proper accounting records that 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.

SMITH BROS NOMINEES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH BROS NOMINEES LIMITED

We have audited the financial statements of Smith Bros Nominees Limited for the year ended 28th December 2001 which comprise the balance sheet and related notes 1 to 7. These financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 1985. We also report, 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 with the company is not disclosed

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of Opinion

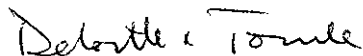
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

SMITH BROS NOMINEES LIMITED

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 28th December 2001 and of its 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
16th April 2002

SMITH BROS NOMINEES LIMITED

BALANCE SHEET AS AT 28TH DECEMBER 2001

| | <u>Note</u> | <u>2001</u> £ | <u>2000</u> £ |
|-------------------------------------|-------------|------------------|------------------|
| CURRENT ASSETS | | | |
| Amounts owed by fellow subsidiaries | | <u>2</u> | <u>2</u> |
| NET ASSETS | | <u>2</u> | <u>2</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 5 | <u>2</u> | <u>2</u> |
| EQUITY SHAREHOLDERS' FUNDS | | <u>2</u> | <u>2</u> |

RESULTS AND OTHER RECOGNISED GAINS OR LOSSES

No profit and loss account has been presented, as there has been no income or expenditure during the year (year ended 29th December 2000: £nil). As a result the following have not been presented: statement of total recognised gains and losses, note of historical cost profits and losses and a reconciliation of movements in shareholders' funds.

The financial statements on pages 6 to 8 were approved by the Board of Directors on 16th April 2002 and signed on its behalf by:

Director



J.F. Regan

The notes to the accounts on pages 7 and 8 form part of these financial statements.

SMITH BROS NOMINEES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH DECEMBER 2001

1. ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements have been prepared in accordance with applicable UK accounting standards.

b. Accounting Period

The company's financial year consists of a fifty-two (2000: fifty-two) week period ending on the last Friday in December (2000: 29th December).

c. Accounting Convention

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985.

d. Cash Flow Statement

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard Number 1 (Revised 1996) - Cash Flow Statements, as a consolidated cash flow statement is included in the publicly available consolidated financial statements of the ultimate parent company, Merrill Lynch & Co., Inc.

2. PRINCIPAL ACTIVITY

The company acts solely as a nominee for fellow subsidiaries in respect of all securities registered in Smith Bros Nominees Limited's name. It, therefore, has no beneficial interest in these securities and, accordingly, they are not shown as assets in the company's balance sheet.

3. DIRECTORS AND EMPLOYEES

The directors received no remuneration for their services to the company during the year ended 28th December 2001 (year ended 29th December 2000: £nil). There were no other employees during the current or preceding year.

4. AUDITORS' REMUNERATION

Auditors' remuneration has been borne by another group company in the current and preceding year.

SMITH BROS NOMINEES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH DECEMBER 2001

5. CALLED UP SHARE CAPITAL

| | <u>2001</u> | <u>2000</u> |
|--------------------------------------|-------------|-------------|
| | £ | £ |
| Authorised share capital: | | |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| | <u>2001</u> | <u>2000</u> |
| | £ | £ |
| Called up, allotted, and fully paid: | | |
| 2 Ordinary shares of £1 each | <u>2</u> | <u>2</u> |

6. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from related party disclosures available in Financial Reporting Standard No. 8 - Related Party Disclosures, as the consolidated financial statements of the ultimate parent company are publicly available as noted below.

There have been no transactions during the year and related party balances remain unchanged from the prior year.

7. PARENT COMPANY

The company's ultimate parent company and controlling party is Merrill Lynch & Co., Inc., a company incorporated in the State of Delaware in the United States of America. The parent company of the largest group that includes the company and for which group accounts are prepared is Merrill Lynch & Co., Inc. Copies of the group financial statements of Merrill Lynch & Co., Inc. are available from the Corporate Secretary, 222 Broadway, 17th Floor, New York, NY 10038, USA. The parent undertaking of the smallest group, including the company, which prepares group accounts is Merrill Lynch Europe PLC, a company incorporated in Great Britain. Copies of the Merrill Lynch Europe PLC group financial statements are available from the Company Secretary, Merrill Lynch Europe PLC, Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ.