

MONTAGU TRUST LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

Registered Number: 1435858



MONTAGU TRUST LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2001

PRINCIPAL ACTIVITIES

The Company is a holding company within the HSBC Investment Banking Group. All of its subsidiary undertakings are nominee companies.

RESULTS AND DIVIDENDS

As the Company did not receive any income or incur any expenses during the year or the prior year, a profit and loss account has not been prepared. There have been no recognised gains or losses during the year.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2001 (2000: £nil).

DIRECTORS

The directors who served during the year were as follows:

N.S. Black	(appointed 30 June 2001)
I.C. Cotterill	
J.H. McKenzie	(appointed 30 June 2001)
R.W. Quin	(resigned 30 June 2001)

DIRECTORS' INTERESTS

All the directors' interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, required to be disclosed under the Companies Act 1985, are set out below.

	HSBC Holdings plc Ordinary Shares of US\$0.50 each	
	31.12.2001	1.1.2001 or appointment date
J.H. McKenzie	1,774	623

During the year (or since the date of appointment) options over HSBC Holdings plc ordinary shares of US\$0.50 were granted/exercised as follows:

	Granted	Exercised
J.H. McKenzie	-	1,125

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out in their report on page 3, is made with a view to distinguishing for the shareholder the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 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 for the financial year. The directors are required to prepare the financial statements on the going concern basis unless it is not appropriate. Since the directors are satisfied that the Company has the resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a going concern basis.

The directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

BY ORDER OF THE BOARD



N.S. Black
Secretary

Thames Exchange
10 Queen Street Place
London EC4R 1BL

19 February 2002

MONTAGU TRUST LIMITED

REPORT OF THE AUDITORS, KPMG AUDIT PLC, TO THE MEMBER OF MONTAGU TRUST LIMITED

We have audited the financial statements on pages 4 to 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you 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.

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 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

London

February 2002

MONTAGU TRUST LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

	Notes	2001 £	2000 £
<u>FIXED ASSETS</u>			
Investment in subsidiary undertakings	5	<u>104</u>	<u>106</u>
<u>CREDITORS</u> : amounts falling due within one year	6	<u>(104)</u>	<u>(106)</u>
CURRENT LIABILITIES		<u>(104)</u>	<u>(106)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>-</u>	<u>-</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	7	2	2
Profit and loss account		<u>(2)</u>	<u>(2)</u>
Shareholder's funds – equity		<u>-</u>	<u>-</u>

Approved by the board and signed on its behalf on 19 February 2002.



I. C. Cotterill
Director

The notes on pages 5 to 7 form part of the financial statements

1. Basis of preparation

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

The Company is not required to prepare consolidated financial statements by virtue of the exemption conferred by Section 228 of the Companies Act 1985. The results of the Company are included within the consolidated financial statements of HSBC Holdings plc.

These financial statements present information about the undertaking as an individual undertaking and not about its group.

As the cash flow statement included in the consolidated financial statements for the ultimate parent undertaking complies with the conditions of Financial Reporting Standard No 1 ("FRS1") (revised 1996) "Cash Flow Statements", the Company is exempt under FRS1 from the requirement to prepare a separate cash flow statement.

The Company has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Disclosures" not to disclose details of transactions with HSBC Holdings plc or Group subsidiaries, on the grounds that it is a wholly owned subsidiary undertaking of HSBC Investment Bank plc, which is wholly owned by HSBC Holdings plc.

2. Principal accounting policies

Fixed asset investments

Fixed asset investments are stated at cost except where, in the opinion of the directors, provision should be made for a permanent diminution in value.

3. Profit on ordinary activities before taxation

As the Company neither received any income nor incurred any expenses during the year a profit and loss account has not been prepared.

As in 2000, certain expenses including auditors' remuneration, have been borne by the immediate parent company. The Company had no recognised gains or losses and hence has not prepared a reconciliation of movements in shareholder's funds.

4. Directors' emoluments

No emoluments were received or are receivable by the directors in respect of their services during the year (2000 - nil).

MONTAGU TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001
(continued)

5. Investment in subsidiary undertakings

The subsidiary undertakings, all of which are wholly owned and registered in England, are as follows:

	2001 Number of shares of £1 each	2000 Number of shares of £1 each
Drayton Corporation (Nominees) Limited	100	100
Samuel Montagu & Co (Nominees) Limited	2	2
SM Nominees Limited	2	2
Square Mile Nominees Limited	-	2
	<u>104</u>	<u>106</u>

In the opinion of the directors the value of the investments in the subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

During the year Square Mile Nominees Limited was transferred to another group company.

6. Creditors: amounts falling due within one year

	2001 £	2000 £
Amounts owed to group undertakings	<u>104</u>	<u>106</u>

7. Called up share capital

	2001 £	2000 £
Authorised: Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: Ordinary shares of £1 each	<u>2</u>	<u>2</u>

8. Ultimate and immediate parent undertaking

The Company's immediate parent undertaking is HSBC Investment Bank plc. The Company's ultimate parent undertaking is HSBC Holdings plc.

The Company's ultimate controlling party as defined under Financial Reporting Standard 8 'Related Party Disclosures' ("FRS 8") is HSBC Holdings plc. The Company is controlled, as defined in FRS 8, by its immediate parent undertaking HSBC Investment Bank plc.

The largest and smallest group in which the financial statements of the Company are consolidated is that headed by HSBC Holdings plc. The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, Group Corporate Affairs, 10 Lower Thames Street, London EC3R 6AE.