

SNC INTERNATIONAL (HOLDINGS) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27TH DECEMBER 2002**

COMPANY REGISTRATION NUMBER: 2098143



SNC INTERNATIONAL (HOLDINGS) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27TH DECEMBER 2002**

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SNC INTERNATIONAL (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 27TH DECEMBER 2002

The directors present their annual report and the audited financial statements of SNC International (Holdings) (the "Company") for the year ended 27th December 2002.

1. PRINCIPAL ACTIVITY

The Company acts as an investment holding company.

2. RESULTS

The results of the Company are set out in the profit and loss account on page 6 of the financial statements. The directors do not recommend the payment of a dividend on the ordinary shares of the Company for the year (2001: £nil).

The directors propose that the principal activity of the Company will continue during 2003.

3. DIRECTORS

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

J.F. Regan	-	USA
D.A. Searle	-	British
D.F. Thomson	-	British

Alternate director

B.A. McAll	-	British	Alternate to D.A. Searle Rescinded 26th September 2002
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The directors have no beneficial interests in the shares of the Company or any other United Kingdom group company.

SNC INTERNATIONAL (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 27TH DECEMBER 2002

4. AUDITORS

On 14th June 1991, an elective resolution was passed 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

A handwritten signature in dark ink, appearing to read 'D.A. Searle', written in a cursive style.

D.A. Searle
Company Secretary
London
21st March 2003

SNC INTERNATIONAL (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SNC INTERNATIONAL (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SNC INTERNATIONAL (HOLDINGS) LIMITED

We have audited the financial statements of SNC International (Holdings) Limited for the year ended 27th December 2002 which comprise the profit and loss account, balance sheet and related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 applicable 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.

SNC INTERNATIONAL (HOLDINGS) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SNC
INTERNATIONAL (HOLDINGS) LIMITED**

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 27th December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche

DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors
London
21st March 2003

SNC INTERNATIONAL (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 27TH DECEMBER 2002

	<u>Note</u>	<u>2002</u> <u>£'000</u>	<u>2001</u> <u>£'000</u>
Operating Expenses	4	71	(9)
Dividend income from subsidiary undertaking		-	8,365
Dividend income from associated undertaking		3,105	-
Investments written off		(3,658)	-
Interest payable to group undertakings		(2)	-
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(484)	8,356
Tax credit on (loss)/profit on ordinary activities	5	<hr/> 175	<hr/> -
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	10	<hr/> <u>(309)</u>	<hr/> <u>8,356</u>

The (loss)/profit on ordinary activities before taxation derives from continuing operations.

The Company had no gains or losses for the current and prior year other than as stated in the profit and loss account.

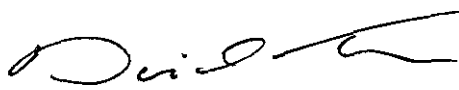
The notes to the accounts on pages 8 to 12 form part of these financial statements.

SNC INTERNATIONAL (HOLDINGS) LIMITED

BALANCE SHEET AS AT 27TH DECEMBER 2002

	Notes	2002 £'000	2001 £'000
FIXED ASSETS			
Investment in subsidiary undertaking	6	65,559	65,559
Investment in associated undertaking	7	6,456	-
		<u>72,015</u>	<u>65,559</u>
CURRENT ASSETS			
Amounts owed by group undertakings		3,089	8,377
Deferred tax asset	8	175	-
		<u>3,264</u>	<u>8,377</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts owed to group undertakings		(1,652)	-
NET CURRENT ASSETS		<u>1,612</u>	<u>8,377</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>73,627</u>	<u>73,936</u>
CAPITAL AND RESERVES			
Called up share capital	9	38,348	38,348
Share premium	10	27,211	27,211
Profit and loss account	10	8,068	8,377
EQUITY SHAREHOLDERS' FUNDS	10	<u>73,627</u>	<u>73,936</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 21st March 2003 and signed on its behalf by:

Director 
D. F. THOMSON

The notes to the accounts on pages 8 to 12 form part of these financial statements.

SNC INTERNATIONAL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27TH DECEMBER 2002

1. ACCOUNTING POLICIES

a. Basis of Accounting

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

b. Accounting Period

The Company's financial year consisted of a fifty-two (2001: fifty-two) week period ending on the last Friday in December (2001: 28th 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 Statements

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

e. Investments

Investments are stated at cost less provision for impairment.

f. Group accounts

The Company has taken advantage of the exemption in Section 228 of the Companies Act 1985 from the obligation to prepare and deliver group accounts since its shares are wholly owned by the companies in the Merrill Lynch Europe PLC group.

g. Deferred Taxation

Deferred tax is recognised as a liability or an asset if, prior to the balance sheet date, the Company has entered into transactions or events have occurred that give rise to timing differences giving the Company an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

SNC INTERNATIONAL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27TH DECEMBER 2002

2. PRINCIPAL ACTIVITY

The Company acts as an investment holding company.

3. DIRECTORS AND EMPLOYEES

The directors received no remuneration for their services to the Company during the year ended 27th December 2002 (year ended 28th December 2001: £nil). There were no employees during the current or preceding year.

4. OPERATING EXPENSES

	<u>2002</u>	<u>2001</u>
	<u>£'000</u>	<u>£'000</u>
Foreign exchange gain/(loss)	<u>71</u>	<u>(9)</u>

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

5. TAX CREDIT ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax credit for the year is as follows:

	<u>2002</u>	<u>2001</u>
	<u>£'000</u>	<u>£'000</u>
Current tax:		
United Kingdom corporation tax on profits of the period	1,542	2,510
Double tax relief	(1,542)	(2,510)
Total current tax (see below)	<u>-</u>	<u>-</u>
Deferred Tax:		
Origination and reversal of timing differences	(175)	-
Tax credit on (loss) on ordinary activities	<u>(175)</u>	<u>-</u>

SNC INTERNATIONAL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27TH DECEMBER 2002

5. TAX CREDIT ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

The tax assessed for the period is lower than the standard United Kingdom corporation tax rate of 30%. The differences are explained below:

	<u>2002</u> £'000	<u>2001</u> £'000
(Loss)/Profit on ordinary activities before tax	(484)	8,356
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 30%	(145)	2,507
Effects of:		
Non-taxable foreign exchange differences	(1)	3
Losses available from group companies for no payment	(19)	-
Impact of foreign taxes	(932)	(2,510)
Non deductible expenses	1,097	-
Current tax for period	<u>-</u>	<u>-</u>

6. INVESTMENT IN SUBSIDIARY UNDERTAKING

	<u>2002</u> £'000
At start and end of year	<u>65,559</u>

The above investment is unlisted and represents the whole of the issued share capital of SNC Farringdon International (Holdings) BV, a company incorporated in the Netherlands.

7. INVESTMENT IN ASSOCIATED UNDERTAKING

	<u>2002</u> £'000
At start of year	-
Additions	10,114
Amounts written off during the year	(3,658)
At end of year	<u>6,456</u>

SNC INTERNATIONAL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27TH DECEMBER 2002

7. INVESTMENT IN ASSOCIATED UNDERTAKING (continued)

The associated undertaking is an unlisted company, Smith Zain (Malaysia) SDN BHD, an investment holding company, incorporated in Malaysia. The company's financial year end is 27th December. The company has one class of ordinary shares of which 88,644,033 have been issued. The Company owns 40% of these issued shares.

In December 2002, Smith Zain (Malaysia) SDN BHD sold its entire trade to a third party. Accordingly the Company's investment in Smith Zain (Malaysia) SDN BHD is valued at net asset value.

8. DEFERRED TAX ASSET

	<u>2002</u>	<u>2001</u>
	<u>£'000</u>	<u>£'000</u>
Foreign taxes	175	-
Deferred tax asset	<u>175</u>	<u>-</u>
Deferred tax credit in profit and loss account relating to the current period	175	-
Deferred tax asset at end of period	<u>175</u>	<u>-</u>

Management is of the opinion that it is more likely than not that the Company will be able to generate future taxable income to recover the deferred tax asset having considered historic performance.

9. CALLED UP SHARE CAPITAL

	<u>2002</u>	<u>2001</u>
	<u>£'000</u>	<u>£'000</u>
Authorised:		
50,000,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted and fully paid:		
38,348,165 Ordinary shares of £1 each	<u>38,348</u>	<u>38,348</u>

SNC INTERNATIONAL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27TH DECEMBER 2002

10. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS IN RESERVES

	Issued Share Capital	Profit and Loss Account	Share Premium Account	Total 2002	Total 2001
	£'000	£'000	£'000	£'000	£'000
At start of the year	38,348	8,377	27,211	73,936	65,580
(Loss)/Profit for the year	-	(309)	-	(309)	8,356
At end of the year	38,348	8,068	27,211	73,627	73,936

11. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption from related party disclosures available in Paragraph 3(c) of Financial Reporting Standard No. 8 - Related Party Disclosures, as it is a wholly owned subsidiary and the consolidated financial statements of the ultimate parent company are publicly available as noted below.

12. 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 undertaking 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.