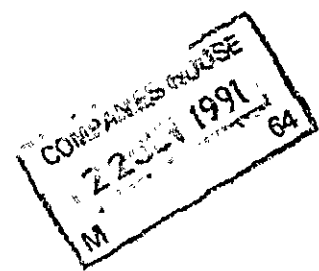


MORGAN STANLEY SERVICES (UK) LIMITED

Report and Financial Statements

December 31, 1990



Company Registration No. 2164628

MORGAN STANLEY SERVICES (UK) LIMITED

1.

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended December 31, 1990.

Results and dividend

The profit for the year, after taxation, was \$Nil (1989 - \$396,747). The directors have recommended and paid a dividend of \$1,605,271.

Principal activities

The company's principal activity previously has been trading in financial instruments, although the company has not traded during the year.

Directors and their interests

The following directors served during the year:

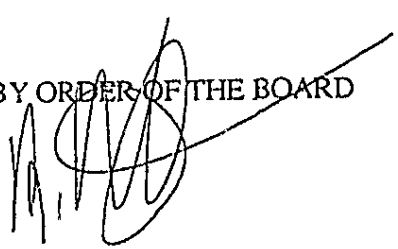
N. R. Sachs (Chairman)
T. A. Hultquist
R. S. Kent
D. I. Neeson
J. S. Ward

None of the directors had a disclosable interest in the shares of group companies.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD


Secretary

18th October, 1991

REPORT OF THE AUDITORS TO THE MEMBERS OF
MORGAN STANLEY SERVICES (UK) LIMITED

We have audited the financial statements on pages 3 to 5 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at December 31, 1990 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor
London
October 7, 1991

MORGAN STANLEY SERVICES (UK) LIMITED

3.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1990

	<u>Notes</u>	<u>1990</u> \$	<u>1989</u> \$
Turnover	2	-	621,747
Operating charges		-	225,000
		-----	-----
Profit on ordinary activities before taxation	3	-	396,747
Dividend paid		(1,605,271)	-
Retained profit brought forward		1,605,271	1,208,524
		-----	-----
Retained profit carried forward		\$ -	\$1,605,271
		=====	=====

The notes on page 5 form part of these financial statements

MORGAN STANLEY SERVICES (UK) LIMITED

4.

BALANCE SHEET AT DECEMBER 31, 1990

	<u>Note</u>	<u>1990</u> \$	<u>1989</u> \$
Current assets:			
Amounts due from group companies		1,000	1,825,146
Debtors		-	6,125
		-----	-----
		1,000	1,831,271
 Creditors: amounts falling due within one year			
Amounts owing to group companies		-	225,000
		-----	-----
Net current assets		\$1,000	\$1,606,271
		=====	=====
 Capital and reserves:			
Called up share capital	4	1,000	1,000
Profit and loss account		-	1,605,271
		-----	-----
		\$1,000	\$1,606,271
		=====	=====

TAX )
) Directors

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 19901. Accounting policiesAccounting convention

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

Preparation of financial statements in U.S. dollars

It is considered that a fairer reflection of the company's activities is given by presenting the financial statements in U.S. dollars since the majority of the company's transactions are denominated in this currency.

2. Turnover

Turnover represented income on dealing activities, including trading interest, determined on a trade date basis. The directors are of the opinion that it would not be in the interests of the company to give separate disclosure in respect of each class of business and each geographical market.

3. Profit on ordinary activities before taxation

Auditors' remuneration is borne by another group company. There were no directors' emoluments (1989 - Nil).

4. Called up share capital

As at December 31, 1989 and 1990:

	No.	
Ordinary shares of \$1 each:		
Authorised	1,000	\$1,000
	====	====
Alotted, called up and fully paid	1,000	\$1,000
	====	====

5. Parent Undertakings

The ultimate holding company is Morgan Stanley Group Inc., which is incorporated in the United States of America.

The parent undertaking of the smallest group of companies for which group accounts are drawn up and of which the company is a member is Morgan Stanley UK Holdings PLC, which is registered in England and Wales. Copies of Morgan Stanley Group Inc.'s accounts can be obtained from Kingsley House, 1A Wimpole Street, London, W1 and Morgan Stanley UK Holdings PLC's accounts can be obtained from the Registrar of Companies for England and Wales.