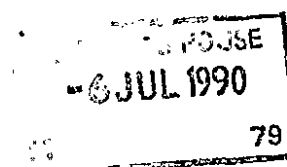


2214161

LOWNDES LAMBERT OVERSEAS
(HOLDINGS) LIMITED
(Formerly CHARCO 77 Limited)
31ST MARCH 1989



LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

formerly CHARCO SEVENTY-SEVEN LIMITED

DIRECTORS' REPORT

The Directors present their annual report together with the audited accounts for the year to 31st March 1989.

ACTIVITIES

The company name was changed to Lowndes Lambert Overseas (Holdings) Limited on the 24th June 1988.

Under the terms of an agreement dated 2nd June 1988, the company acquired the entire issued share capital of certain companies which were previously owned by the Hill Samuel Group Plc and whose activities were insurance broking and related activities. The acquisition was effective from the 1st April 1988 and the consideration was based on the net asset values of those companies at the 31st March 1988. The finance for the acquisition was raised by way of a loan from Lowndes Lambert Group Holdings Limited.

The principal activity of the company is that of a holding company.

During the year the company disposed of a subsidiary, Lowndes Lambert Insurances Limited, for a profit before tax of £ 3,947.

SHARE CAPITAL

Throughout the period the authorised share capital was £100, comprising 100 ordinary shares of £1 each; 2 ordinary shares were issued at the date of incorporation. On 2nd June 1988 the remaining 98 ordinary shares were issued to Lowndes Lambert Group Holdings Limited, the company's holding company.

RESULTS AND DIVIDENDS

The company's trading resulted in a profit after taxation of £987,254 (1988 £ Nil).

The directors recommend a final dividend for the year of £900,000.

DIRECTORS AND THEIR INTERESTS

The directors of the company who held office during the year were:

Bayshill Management Limited	Resigned 20th April 1988
D R Ludbrook	Appointed 18th April 1988, Resigned 10th June 1988
R J G Shaw	Appointed 20th April 1988
P W Kininmonth	Appointed 20th April 1988
R L Tween (Australia)	Appointed 20th April 1988
C Mineraud (France)	Appointed 20th April 1988
A A Ledamun	Appointed 20th April 1988
S R D Wilson	Appointed 11th May 1988
A M Barabino (Italy)	Appointed 22nd September 1988
R J B Edwards	Appointed 4th October 1988
G J Chapman (Australia)	Appointed 4th October 1988

S J Drake was appointed to the board on 1st July 1989.

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

2.

formerly CHARCO SEVENTY-SEVEN LIMITED

DIRECTORS AND THEIR INTERESTS (Continued)

None of the directors held any direct beneficial interest in the shares of the company.

The interest of the directors in the shares of Lowndes Lambert Group Holdings Limited at 31st March 1989 was as follows:

	Number of Shares			
	Ordinary Shares of £1 each fully paid at a premium of £1 per share.	Ordinary B Shares of £1 each lp paid.	Cumulative Redeemable Preference Shares of £1 each fully paid.	Cumulative Convertible Participating Preferred Ordinary Shares of £1 each fully paid at a premium of £1 per share.
R J G Shaw	76,876	17,937	94,171	6,054
P W Kininmonth	13,763	15,692	82,399	5,296
C Mineraud	11,502	-	-	-
A A Ledamun	5,751	-	-	-
S R D Wilson	13,763	8,969	47,085	3,027

None of the directors held any beneficial interest in the shares of Lowndes Lambert Group Holdings Limited at 1st April 1988.

AUDITORS

The Auditors, Price Waterhouse, have indicated their willingness to be re-appointed.

By Order of the Board


P F Ray
Secretary

53 Eastcheap
London EC3P 3HL

7th July 1989

AUDITORS' REPORT TO THE MEMBERS OF
LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

We have audited the accounts on pages 4 to 9 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 March 1989 and of its profit for the year and have been properly prepared in accordance with the Companies Act 1985.

The accounts do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No 10.

Thames Court
1 Victoria Street
Windsor
SL4 1HB

Pice Waterhouse

7th July 1989

CHARTERED ACCOUNTANTS

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

formerly CHARCO SEVENTY-SEVEN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH 1989

	<u>Notes</u>	<u>1989</u>	<u>1988</u>
TURNOVER		-	-
Administrative Expenses	4	(70,024)	-
OPERATING LOSS		(70,024)	-
Dividends received from subsidiary		104,686	
Interest receivable	5	684,102	-
Exchange gain		506,268	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,225,032	-
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	(243,725)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		981,307	-
Extraordinary Items	7	5,947	-
PROFIT FOR THE FINANCIAL YEAR		987,254	-
Dividend Paid		(900,000)	-
Profit and loss account at 1st April 1988		-	-
PROFIT AND LOSS ACCOUNT AT 31ST MARCH 1989		£ 87,254	£ -

The accompanying notes on pages 6 to 9 form part of these accounts.

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

5.

formerly CHARCO SEVENTY-SEVEN LIMITED

BALANCE SHEET - 31ST MARCH 1989

	<u>Notes</u>	<u>1989</u>	<u>1988</u>
FIXED ASSETS			
Investments	8	2,300,952	-
CURRENT ASSETS			
Debtors	9	6,884,296	2
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(1,457,933)	-
NET CURRENT ASSETS		5,426,363	2
TOTAL ASSETS LESS CURRENT LIABILITIES		7,727,315	2
CREDITORS - AMOUNTS FALLING DUE IN MORE THAN ONE YEAR	11	(7,639,961)	-
		<u>£ 87,354</u>	<u>£ 2</u>
CAPITAL AND RESERVES			
Called Up Share Capital	12	100	2
Profit and Loss Account		87,254	-
		<u>£ 87,354</u>	<u>£ 2</u>

DIRECTORS

S R D Wilson

A A Ledaman

Approved by the Board
on 7th July 1989

The accompanying notes on pages 6 to 9 form part of these accounts.

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

formerly CHARCO SEVENTY-SEVEN LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1989

1. ACCOUNTING POLICIES

- (i) The accounts are prepared under the historical cost convention.
- (ii) Group accounts are not prepared as the company is the wholly owned subsidiary of another body corporate incorporated in Great Britain.
- (iii) Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling at the year end. Transactions in foreign currencies are translated at exchange rates ruling at the transaction date. Differences arising from the translation of foreign currencies at year end rates are dealt with in the result before taxation.
- (iv) The company was incorporated on 26 January 1988 as Charco Seventy-Seven Limited and its name was changed to Lowndes Lambert Overseas (Holdings) Limited on 24 June 1988. The company commenced trading as a holding company on 2 June 1988.
- (v) Investments in subsidiaries and related companies in the accounts of the company are stated at cost less provision for any permanent diminution in value. Under the terms of an agreement dated 2nd June 1988, the company acquired the entire issued share capital of certain companies which were previously owned by the Hill Samuel Group Plc and whose activities were insurance broking and related activities. The acquisition was effective from the 1st April 1988 and the consideration was based on the net asset values of those companies at the 31st March 1988. The finance for the acquisition was raised by way of a loan from Lowndes Lambert Group Holdings Ltd.

2. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Lowndes Lambert Group Holdings Limited which is incorporated in Great Britain.

3. SUBSIDIARIES

At 31st March 1989 the company owned the following companies, (wholly owned except where otherwise stated):

<u>Company</u>	<u>Country of Incorporation</u>	<u>Type of Business</u>
Lowndes Lambert Australia Ltd	Australia	Insurance Broker
Lowndes Lambert France s.a.r.l	France	Insurance Holding Co
Lowndes Lambert Group Italy S.p.a.	Italy	Insurance Broker
L Hammond & Co (Far East)(1967) Ltd	Hong Kong	Investment Holding Co
Lambert Bros Insurance Brokers Ltd	Hong Kong	Insurance Broker
Flint & Co Ltd	Guernsey	Insurance Broker
Lowndes Lambert Group Canada Ltd (90% owned)	Canada	Investment Holding Co
Edward Lloyd Limited	USA	Reinsurance Broker

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

formerly CHARCO SEVENTY-SEVEN LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1989

SUBSIDIARIES (Cont.)

All the companies listed above have financial years ending 31st March with the exception Lowndes Lambert France S.a.r.l. and Lowndes Lambert Group Italy S.p.a. whose financial year ends are 31st December.

Additionally the company owned more than 10% of the issued share capital of the following companies(* indirectly owned).

<u>Company</u>	<u>Country of Incorporation</u>	<u>Type of Business</u>
* La Securite Nouvelle (45%)	France	Insurance Broker
* Amanah Lowndes Lambert Sdn. Bhd (44%)	Malaysia	Insurance Broker
G. E. Lambert Insurance Brokers Pte Ltd (20%)	Singapore	Insurance Broker

In the opinion of the directors the value of the company's investment in its subsidiary companies is not less than the aggregate amount shown in the balance sheet.

4. DIRECTORS' EMOLUMENTS

The directors of the company principally carry out their duties on behalf of certain subsidiary companies and accordingly do not receive emoluments from this company. A charge for the direct services of certain directors employed by a fellow subsidiary company is included in a Management Charge of £70,000 (1988 £ Nil).

5. INTEREST RECEIVABLE

	<u>1989</u>	<u>1988</u>
Interest receivable on cash deposits	66,484	-
Interest receivable from subsidiary companies	617,618	-
	<u>£ 684,102</u>	<u>£ -</u>

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge represents UK Corporation tax calculated at 35% of the results for the year as adjusted for tax purposes.

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

formerly CHARCO SEVENTY-SEVEN LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1989

7. EXTRAORDINARY ITEM

The extraordinary profit relates to the disposal of Lowndes Lambert Insurances Limited

	<u>1989</u>	<u>1988</u>
Extraordinary profit	9,149	-
Tax on extraordinary profit	(3,202)	-
£	<u>5,947</u>	<u>-</u>

8. INVESTMENTS

	<u>1989</u>	<u>1988</u>
Shares in Group Companies at cost		
Acquired during the year	2,321,412	-
Disposals	(30,690)	-
At 31st March 1989	£ <u>2,290,722</u>	£ <u>-</u>
Shares in Related Companies at cost		
Acquired during the year	10,230	-
At 31st March 1989	£ <u>10,230</u>	£ <u>-</u>
Total Investments 31st March 1989	£ <u>2,300,952</u>	£ <u>-</u>

9. DEBTORS

	<u>1989</u>	<u>1988</u>
Amounts owed by Subsidiary Companies	6,634,061	-
Other Debtors	250,235	-
£	<u>6,884,296</u>	<u>-</u>

Included in the above are the following amounts falling due after more than one year.

	<u>1989</u>	<u>1988</u>
Amount owed by Subsidiary Companies	£ <u>6,030,061</u>	£ <u>-</u>

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

9.

formerly CHARCO SEVENTY-SEVEN LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1989

10. CREDITORS - AMOUNTS FALLING DUE
WITHIN ONE YEAR

	<u>1989</u>	<u>1988</u>
Amount owing to Holding company	(1,086,367)	-
Amount owing to fellow subsidiaries	(70,000)	-
Taxation	(246,927)	-
Other creditors and provisions	(54,639)	-
	<u>£(1,457,933)</u>	<u>£ -</u>

11. CREDITORS - AMOUNTS FALLING DUE
IN MORE THAN ONE YEAR

	<u>1989</u>	<u>1988</u>
Amounts owing to Holding Company	<u>£ (7,639,961)</u>	<u>£ -</u>

The loan from the Holding Company does not bear any interest.

12. CALLED UP SHARE CAPITAL

	<u>1989</u>	<u>1988</u>
Authorised Ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
Allotted and fully paid Ordinary shares of £1 each	<u>£ 100</u>	<u>£ 2</u>

13. AUDITORS' REMUNERATION

Auditors' remuneration of £ 5,000 is paid by a fellow subsidiary and has been recharged to the company by way of management fee.