

BARING BROTHERS LIMITED



**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2002**

Registered No. 3021535

BARING BROTHERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

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BARING BROTHERS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D.A. Horton	(resigned 14 May 2003)
A.N. Marsh	
J.R. Peers	
J.H.T. Russell	
S. Brister	(appointed 30 September 2002)
S.G. Richards	(appointed 14 May 2003)
J.B.T. Trevelyan	(appointed 14 May 2003)

SECRETARY

A.N. Marsh

REGISTERED OFFICE

60 London Wall
London
EC2M 5TQ

AUDITOR

KPMG Audit Plc
One Canada Square
London
E14 5AG

BARING BROTHERS LIMITED

DIRECTORS' REPORT **FOR THE YEAR ENDED 31 DECEMBER 2002**

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company is to act as a holding company.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The profit and loss account for the year is set out on page 5.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend. The retained profit for the financial year of £3,712,784 (2001: loss £150,074) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year are listed on page 1 of these financial statements.

The directors holding office at 31 December 2002 did not hold any disclosable interests (either directly or indirectly) in the shares of the company or in any other group company at 1 January 2002 or at 31 December 2002.

BARING BROTHERS LIMITED

DIRECTORS' REPORT (continued) **FOR THE YEAR ENDED 31 DECEMBER 2002**

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 and of the profit or loss of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made reasonable and prudent judgments and estimates;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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.

Approved by the Board of Directors
and signed on behalf of the Board



A.N. Marsh
Secretary

29 OCTOBER 2003.

BARING BROTHERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARING BROTHERS LIMITED

We have audited the financial statements on pages 5 to 11.

The report is made solely to the company's member, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might be able to state to the company's member those matters that 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, 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 1985. 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

BARING BROTHERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Other operating charges		(40,039)	(869,431)
Other operating income		28,095	342,273
OPERATING LOSS		(11,944)	(527,158)
Profit on disposal of fixed asset investments	4	3,134,481	154,827
Impairment of investment	6	(115,342)	(552,405)
Dividend income		174,230	386,819
Interest receivable and similar income		620,013	634,401
Interest payable and similar charges		(88,654)	(246,559)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		3,712,784	(150,074)
Tax on result on ordinary activities	5	-	-
RETAINED PROFIT/(LOSS) FOR THE YEAR	11	3,712,784	(150,074)

There are no recognised gains or losses for the current or preceding financial year other than as stated in the profit and loss account.

The notes on pages 7 to 11 form an integral part of these accounts

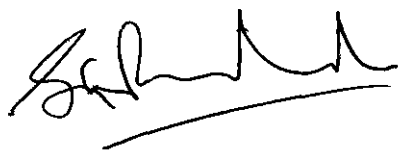
BARING BROTHERS LIMITED

BALANCE SHEET **AT 31 DECEMBER 2002**

	Notes	2002 £	2001 £
FIXED ASSETS			
Investments	6	1,772,534	2,690,110
Shares in group undertakings	7	275,162,778	100,152,783
Works of art and historical archive		4,443,547	4,447,254
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	20,331,795	15,608,124
CREDITORS: amounts falling due within one year	9	(281,471,486)	(106,371,888)
NET CURRENT LIABILITIES		<u>(261,139,691)</u>	<u>(90,763,764)</u>
NET ASSETS		<u>20,239,168</u>	<u>16,526,383</u>
CAPITAL AND RESERVES			
Called up share capital	10	52,962,852	52,962,852
Share premium account	11	30,000,000	30,000,000
Profit and loss account	11	<u>(62,723,684)</u>	<u>(66,436,469)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>20,239,168</u>	<u>16,526,383</u>

The accounts were approved by the Board of Directors on
Signed on behalf of the Board of Directors.

29 October 2003.



S.G. Richards
Director

The notes on pages 7 to 11 form an integral part of these accounts

BARING BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2002**

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investment valuations

Fixed asset investments are valued at cost unless the Directors have reason to believe that there has been an impairment of investment in which case the loss would be reflected in the profit and loss account.

Works of art valuations

Works of art are valued at cost unless the Directors have reason to believe that there has been an impairment of investment in which case the loss would be reflected in the profit and loss account.

Income recognition

Dividends are recognised on an cash receipt basis.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Deferred taxation

Deferred tax is recognized, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Group accounts

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group accounts and to deliver them to the Registrar of Companies, since it is a wholly-owned subsidiary of ING Groep N.V., a company incorporated in the Netherlands, in whose consolidated financial statements the financial statements of the company are included. These financial statements present information about the company as an individual undertaking and not about its group.

Cashflow statement

Under FRS 1, the company is exempt from the requirement to prepare a cashflow statement as it is a wholly-owned subsidiary of ING Groep N.V. and its cash flows are included in the consolidated cashflow statement within that group's financial statements.

BARING BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

Related parties disclosure

Under paragraph 3(c) of FRS 8, the company is exempted from making the related party disclosures required by that standard in respect of entities within the ING Groep N.V.. This is because more than 90% of the company's voting rights are controlled by that group, and consolidated accounts for ING Groep N.V., which include the company, are publicly available.

2. DIRECTORS' EMOLUMENTS

The directors do not receive emoluments in respect of their services to this company.

No employees are employed by the company.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Any expenditure in relation to the company has been borne by another group company.

Audit fees have been borne by another Group Company.

4. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS	2002	2001
	£	£
Profit on sale of investments	<u>3,134,481</u>	<u>154,827</u>

5. TAX ON RESULT ON ORDINARY ACTIVITIES

The company has not corporation tax charge or credit for the current year (2001: £nil), as all profits are group relieved for £nil consideration.

<i>Current tax reconciliation</i>	2002	2001
	£	£
Profit on ordinary activities before tax	<u>3,712,784</u>	<u>(150,074)</u>
Current tax at 30%	1,113,835	(45,022)
Utilisation of group relief at nil consideration	<u>(1,113,835)</u>	<u>45,022</u>
Tax charge	<u>-</u>	<u>-</u>

BARING BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

6. INVESTMENTS	2002	2001
Equity shares	£	£
Cost		
At 1 January	2,690,110	3,175,071
Additions	-	252,333
Disposals	(802,234)	(184,889)
Impairment of investment	(115,342)	(552,405)
At 31 December	<u>1,772,534</u>	<u>2,690,110</u>

Equity shares are all unlisted and held for investment purposes.

7. INVESTMENTS	2002	2001
Shares in subsidiary undertakings	£	£
Cost		
At 1 January	100,152,783	162,783
Additions	274,999,995	99,990,000
Disposals	(99,990,000)	-
At 31 December	<u>275,162,778</u>	<u>100,152,783</u>

ADDITIONAL INFORMATION ON SUBSIDIARY UNDERTAKINGS

Shares in group undertakings, all of which are unlisted, are stated at cost less provision for impairment in value. The additions during the year related to the purchase of ordinary shares in ING (London) (No.2) Limited and ING (London) (No.3) Limited. The disposal related to ING (London) Limited.

Details given below relate only to those subsidiaries which, in the opinion of the directors, are most significant.

	Shares held %	Country of Incorporation or registration	Class of Share Capital
ING Baring Services Limited	100	England & Wales	Ordinary
Bishopscourt Asset Finance Limited	100	England & Wales	Ordinary
ING (London) Limited	100	England & Wales	Ordinary
ING (London) (No.2) Limited	100	England & Wales	Ordinary
ING (London) (No.3) Limited	100	England & Wales	Ordinary

BARING BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

8. DEBTORS: amounts falling due within one year	2002	2001
	£	£
Amounts due from group companies	20,324,774	15,584,462
Amounts due from group undertakings	6,876	6,724
Other assets	145	16,938
	<u>20,331,795</u>	<u>15,608,124</u>

Other assets are stated net of the following specific provision:

Provision against doubtful debt	<u>574,398</u>	<u>555,928</u>
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9. CREDITORS: amounts falling due within one year	2002	2001
	£	£
Amounts due to group companies	4,119,881	4,119,881
Amounts due to group undertakings	277,351,605	102,252,007
	<u>281,471,486</u>	<u>106,371,888</u>

10. CALLED UP SHARE CAPITAL	2002	2001
	£	£
Authorised:		
500,000,000 ordinary shares of £1 each	<u>500,000,000</u>	<u>500,000,000</u>
Allotted, issued and fully paid:		
52,962,852 ordinary shares of £1 each	<u>52,962,852</u>	<u>52,962,852</u>

11. MOVEMENTS IN SHAREHOLDERS' FUNDS

	Ordinary share capital £	Share premium £	Profit & loss account £	Total £
At 1 January	52,962,852	30,000,000	(66,436,468)	16,526,384
Retained profit for the financial year	-	-	3,712,784	3,712,784
At 31 December	<u>52,962,852</u>	<u>30,000,000</u>	<u>(62,723,684)</u>	<u>20,239,168</u>

BARING BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2002**

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no capital commitments or contingent liabilities as at 31 December 2002 (2001 – nil).

13. ULTIMATE HOLDING COMPANY

The directors regard ING Groep N.V., a company incorporated in the Netherlands, as the ultimate holding company.

ING Groep N.V. is the ultimate undertaking preparing financial statements, which include, by way of consolidation, the financial statements of ING UK Properties Limited.

Copies of the parent's consolidated financial statements may be obtained from:

The Secretary
ING Groep N.V.
Amstelveenseweg 500
1081 KL
Amsterdam
The Netherlands.