

Registered Number: 3985613

CHASE EU HOLDINGS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE PERIOD FROM 4th MAY 2000 TO 31st DECEMBER 2000



CHASE EU HOLDINGS LIMITED
REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and financial statements for the period from incorporation on 4th May 2000 to 31st December 2000.

The company was originally incorporated on 4th May 2000 as Cherrydew Limited. On 2nd June 2000 the company was renamed Chase EU Holdings Limited.

Business Activities

The Company is a holding company for certain Robert Fleming Group Companies which were purchased on 1st November 2000, following the acquisition of Robert Fleming Holdings Ltd on 1st August 2000 by J.P. Morgan Chase & Co. (formerly The Chase Manhattan Corporation). The Company disposed of its entire shareholding in Robert Fleming & Co Limited on 23rd July 2001 to Cater Allen Limited for proceeds of £106million.

Results and dividends

The loss on ordinary activities for the period, after tax and before dividends paid, amounted to \$2,168,000.

The company received a dividend of \$73,850 during the year. The company paid an interim dividend of \$250,000,000 during the year to its then parent, Chase Manhattan International Finance Ltd. No final dividend is proposed by the directors.

Directors

The directors who have held office during the period are as follows:

M.R. Layton	appointed 4 th May 2000	resigned 2 nd June 2000
M.E. Richards	appointed 4 th May 2000	resigned 2 nd June 2000
M. S. Garvin	appointed 2 nd June 2000	
B. A. Harte	appointed 2 nd June 2000	resigned 26 th April 2001
I. R. Lyall	appointed 2 nd June 2000	
M. Lake	appointed 21 st August 2000	

There are no disclosable directors' interests under Section 324 of the Companies Act 1985.

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 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;

CHASE EU HOLDINGS LIMITED
REPORT OF THE DIRECTORS
(continued)

Directors' Responsibilities (continued)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Share Capital and Reserves

The authorised and issued share capital of the company as at 31st December 2000, and matters relating thereto are set out in Note 8 to the accounts.

On 8th August 2000, the company received a capital contribution of \$1,200,000,000 from its then parent, Chase Manhattan International Finance Ltd. On 27th October 2000, the company paid a dividend of \$250,000,000 to its then parent, Chase Manhattan International Finance Ltd.

Total share capital and reserves of the company amounted to \$947,832,000 at 31st December 2000.

Auditors

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the AGM.

By Order of the Board



I. R. Lyall
Secretary
125 London Wall,
London. EC2Y 5AJ.

4 Sept . 2001

CHASE EU HOLDINGS LIMITED
REPORT OF THE AUDITORS
TO THE MEMBERS OF CHASE EU HOLDINGS LIMITED

Auditors' report to the members of Chase EU Holdings Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on pages 1 and 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

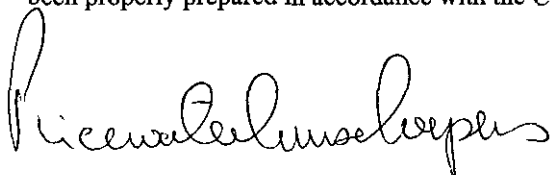
Basis of audit opinion

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 at 31st December 2000 and of its loss for the period from 4th May 2000 to 31st December 2000 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

4 September 2001

Chartered Accountants and Registered Auditors
London

CHASE EU HOLDINGS LTD
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 4th MAY 2000 TO 31st DECEMBER 2000

	<u>Note</u>	<u>2000</u> <u>\$'000</u>
Continuing Operations		
Foreign exchange loss		(14,995)
Administrative expenses		(40)
		—
Operating loss	4	(15,035)
Income from shares in group undertakings		74
Interest receivable and other similar income	2	13,376
Interest payable	3	(583)
		—
Loss for the financial year		(2,168)
Dividends paid and proposed		(250,000)
		—
Retained loss for the financial year		(252,168)
		=====

There are no recognised gains or losses other than those included in the profit and loss account above.

The notes on pages 6 to 10 form part of these accounts.

CHASE EU HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 4th MAY 2000 TO 31st DECEMBER 2000

1. ACCOUNTING POLICIES

(a) Basis of Preparation

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

(b) Reporting Currency

The company reports in USD as the majority of its transactions are denominated in that currency.

(c) Investments

Shares and securities intended for use on a continuing basis in the Company's activities are classified as investment securities. Such shares and securities are stated at cost less provision for any impairment in value.

(d) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities or assets will crystallise in the foreseeable future.

(e) Foreign Currencies

Assets and liabilities in foreign currencies are translated into U.S. dollars at market rates ruling at the balance sheet date. Profit and loss account transactions in foreign currencies have been translated at the exchange rate prevailing at the month end in which the income or expense was incurred. Any gains or losses arising on translation are taken directly to the profit and loss account. The year end exchange rate (GBP/USD) was 1.4897.

(f) Auditors' Remuneration

Auditors' remuneration is met by a group company and is not recharged.

(g) Cash flow statement and related party transactions

The Company is a wholly owned subsidiary of Chemical Finance Limited. Its ultimate parent company is J.P. Morgan Chase & Co. (formerly The Chase Manhattan Corporation). The Company is included in the consolidated accounts of Chase Capital Holdings Limited. Consequently, the Company has taken advantage of the dispensation available to a wholly owned subsidiary, under Financial Reporting Standard No. 1 (Revised 1996) not to produce a cash flow statement. The cash flow of the Company has been included in the consolidated cash flow statement of J.P. Morgan Chase & Co. (formerly The Chase Manhattan Corporation). The Company is also exempt under the terms of Financial Reporting Standard No. 8 from disclosing related party transactions (but not balances) with subsidiaries that are part of J.P. Morgan Chase & Co. (formerly The Chase Manhattan Corporation).

(h) Group Financial Statements

Group financial statements are not presented as the company is a wholly-owned subsidiary of Chemical Finance Ltd, a company registered in England and Wales. Chase Capital Holdings Limited, a company registered in England and Wales, the parent of Chase Manhattan (UK) Holdings Limited, prepares consolidated accounts that include the company and its subsidiaries.

CHASE EU HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 4th MAY 2000 TO 31st DECEMBER 2000

(i) Financial instruments

The Group uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates. Instruments accounted for as hedges are designated as a hedge at the inception of contracts. Gains and losses on foreign currency transactions are recognised within the profit and loss account on maturity of the contract.

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2000</u> <u>\$'000</u>
Interest receivable on deposits held with group undertakings	13,376
	=====

3. INTEREST PAYABLE

	<u>2000</u> <u>\$'000</u>
Interest payable on balances held with group undertakings	(583)
	=====

4. OPERATING LOSS

Operating loss is arrived at after charging:	
	<u>2000</u> <u>\$'000</u>
Foreign exchange loss	14,995
	=====

5. DIRECTORS' REMUNERATION AND STAFF COSTS

The directors are employees of another subsidiary company of J.P. Morgan Chase & Co. (formerly The Chase Manhattan Corporation) and are paid by their principal employer. The directors do not consider that any element of their remuneration relates to the Company. The company had no employees, other than directors, at any time during the period.

CHASE EU HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 4th MAY 2000 TO 31st DECEMBER 2000

6. INVESTMENTS

	<u>2000</u>
	<u>\$'000</u>
Acquisitions	
Cost at 31 st December	943,371
	<u>=====</u>

The above investments are shown at cost. In the opinion of the directors, the value of the Company's investment in the subsidiaries is not less than the amount at which it is stated in the Balance Sheet.

The investment represents 100% of the share capital in the following entites:

<u>Subsidiary</u>	<u>Registered Country</u>
Robert Fleming Holdings SA Ltd	South Africa
Britannic Syndicate Ltd	England
Crosby Investments Ltd	England
Robert Fleming Intl Finance Ltd	Jersey
Robert Fleming Netherlands BV	Holland
Stone Investments (No 2) Ltd	England
Stone Investments (No 3) Ltd	England
Stone Investments (No 4) Ltd	England
Stone Investments (No 6) Ltd	England
Stone Investments (No 7) Ltd	England
Stone Investments Ltd	England
Robert Fleming Property Group Ltd	England
Robert Fleming & Co Ltd	England
Robert Fleming (CIS) SARL	Russia
Robert Fleming (France) SA	France
Copthall Jersey Ltd	Jersey
Robert Fleming (Hong Kong) Ltd	Hong Kong
Robert Fleming (Polska) SA	Poland

Chase EU Holdings Ltd disposed of its entire shareholding in Robert Fleming & Co Limited on 23rd July 2001 to Cater Allen Limited for proceeds of £106million. The profit on disposal is \$66million (subject to any additional expenses incurred but not yet billed).

7. DEBTORS

	<u>2000</u>
	<u>\$'000</u>
Owed by group undertakings	115
	<u>=====</u>

CHASE EU HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 4th MAY 2000 TO 31st DECEMBER 2000

8. SHARE CAPITAL

	<u>2000</u>
	<u>\$</u>
Authorised:	
100 ordinary shares of \$1 each	100
	=====
Issued Allotted, called up and fully paid:	
1 ordinary shares of \$1 each	1
	=====

9. BALANCES WITH GROUP COMPANIES

Included in the balance sheet headings are amounts due from group companies as follows:

	<u>2000</u>
	<u>\$'000</u>
Bank deposits	4,346
Debtors	115

	4,461
	=====

10. RESERVES

	<u>Capital</u>	<u>Profit and Loss</u>
	<u>Contribution</u>	<u>Account</u>
	<u>\$'000</u>	<u>\$'000</u>
At 4 May 2000	-	-
Profit retained	-	(252,168)
Dividend from capital contribution	(250,000)	250,000
Capital gift from parent Entity	1,200,000	-
	-----	-----
At 31 December 2000	950,000	(2,168)
	=====	=====

CHASE EU HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 4th MAY 2000 TO 31st DECEMBER 2000

11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>2000</u> <u>\$'000</u>
Opening shareholders' funds	-
Loss for the year	(2,168)
Dividend paid	(250,000)
Capital gift from parent entity	1,200,000
	<hr/>
Closing shareholders' funds	947,832
	<hr/> <hr/>

12. PARENT UNDERTAKINGS

The immediate parent undertaking is Chemical Finance Limited.

The parent company of the largest group for which consolidated financial statements are prepared and the ultimate holding company is J.P. Morgan Chase & Co. following the merger of The Chase Manhattan Corporation and J.P. Morgan & Co. Inc. J.P. Morgan Chase & Co. is incorporated in the United States of America.

The smallest group which this Company is consolidated into is that headed by Chase Capital Holdings Limited, registered in England.

The consolidated financial statements of these groups are available to the public and may be obtained from:

The Company Secretary
125 London Wall
London
EC2Y 5AJ