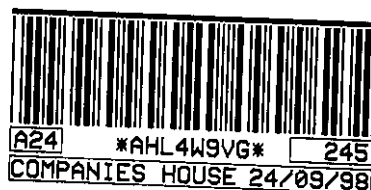


**L.C.F. EDMOND DE ROTHSCHILD
ASSET MANAGEMENT LIMITED**

(Company Number 1831706)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1997



L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED
REPORT AND FINANCIAL STATEMENTS 1997

CONTENTS

	<u>Page</u>
Officers and Professional Advisers	1
Directors' Report	2 - 3
Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 - 10

L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	J.B.A. Alexander R.M. Sopher P.J.R. Maddison	(Chairman) (Managing Director)
Secretary	P.J.R. Maddison	
Registered Office	Orion House, 5 Upper St Martins Lane, London WC2H 9EA	
Auditors	Coopers & Lybrand Chartered Accountants and Registered Auditors	
Solicitors	Freshfields	
Bankers	Lloyds Bank Plc.	

L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

1. ACTIVITIES

The company has continued trading as a financial adviser.

2. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider the results achieved during the year to be satisfactory and expect improvements during 1998.

3. DIVIDENDS

The directors recommend that a dividend of 60 pence per share be paid in respect of the year ended 31 December 1997 (1996 - Nil). The loss for the financial year of £115,913 (1996 - profit £33,367) will be transferred to reserves.

4. DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law 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 and loss for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed and the financial statements have been prepared on a going concern basis. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

5. DIRECTORS

The present membership of the Board is set out on Page 1. S.R.G. Newton resigned on 16 May 1997. There were no other changes during the period. None of the directors had, at any time during the year, any interest in the shares of the company, or of other group companies that required disclosure in accordance with the Companies Act 1985.

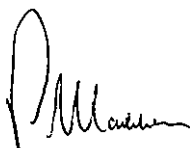
6. CLOSE COMPANY PROVISIONS

As far as the directors are aware, the company is a close company as defined by the Income and Corporation Taxes Act, 1988.

7. AUDITORS

A resolution to reappoint Coopers & Lybrand as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



P.J.R. Maddison
Secretary

12 March 1998

L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 affairs of the company at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants and Registered Auditors,
LONDON

17 March 1998

L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £	1996 £
Turnover		429,692	428,635
Administrative expenses	3	(400,000)	(510,000)
Operating profit		29,692	(81,365)
Income from shares in associated undertaking		0	68,983
Interest receivable		19,791	21,245
Profit on disposal of investment		0	30,382
Profit on ordinary activities before taxation		49,483	39,245
Tax on profit on ordinary activities	6	(15,396)	(5,878)
Profit on ordinary activities after taxation		34,087	33,367
Dividends proposed	10	(150,000)	0
Retained (loss)/profit for the year		<u>£(115,913)</u>	<u>£33,367</u>

STATEMENT OF RETAINED PROFITS

	1997 £	1996 £
Balance at 1 January	757,853	724,486
Retained (loss)/profit for the year	(115,913)	33,367
Balance at 31 December	<u>£641,940</u>	<u>£757,853</u>

There were no movements in shareholders funds other than in respect of retained profits.

The operating profit of the company is derived entirely from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the financial period stated above and their historical cost equivalents.

The company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of recognised gains and losses has been presented.

The notes on pages 7 to 10 form part of these financial statements.

Auditors' Report Page 4.

L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

BALANCE SHEET

31 DECEMBER 1997

	Notes	1997		1996	
		£	£	£	£
CURRENT ASSETS					
Debtors	7	799,011		623,239	
Cash at bank		258,513		390,502	
		<u>1,057,524</u>		<u>1,013,741</u>	
CREDITORS: amounts falling due within one year	8	<u>(165,584)</u>		<u>(5,888)</u>	
NET CURRENT ASSETS			891,940		1,007,853
Total assets less current liabilities			<u>£891,940</u>		<u>£1,007,853</u>
CAPITAL AND RESERVES					
Called up share capital	9		250,000		250,000
Profit and loss account			641,940		757,853
Equity Shareholders Funds			<u>£891,940</u>		<u>£1,007,853</u>

The financial statements were approved by the Board on 12 March 1998.



 J.B.A. Alexander

Directors



 P.J.R. Maddison

The notes on pages 7 to 10 form part of these financial statements.

Auditors' Report Page 4.

L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

(b) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rate of exchange prevailing at the end of the month in which the transaction occurred. Profits and losses on exchange arising in the ordinary course of business are taken to the profit and loss account.

(c) Taxation

The charge for taxation is based on the profit for the year, as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the timing differences, as reduced by the tax benefit of any accumulated losses, is treated as a deferred tax liability.

(d) Cash Flow Information

As permitted by F.R.S. 1 these financial statements do not include a cash flow statement, because the consolidated financial statements of La Compagnie Financiere Benjamin et Edmond de Rothschild Limited, which include this company as a wholly owned subsidiary and which are publicly available, include a consolidated cash flow statement dealing with the cash flows of the group.

(e) Related Party Disclosure

Advantage has been taken of the exemption in FRS 8 which permits a wholly owned subsidiary undertaking, which is included in the consolidated financial statements of a group, which are publicly available, from disclosing any transactions with other entities which are 90% or more owned within the group.

(f) Turnover

Turnover represents fees charged for the provision of advisory services, which are recognised on an accruals basis. The balance is stated exclusive of VAT and other related taxes.

L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 1997

2. SEGMENTAL AND GEOGRAPHICAL ANALYSIS

The directors consider that a geographical split of turnover, results and assets is inappropriate, as the company's services are provided to a world market and the company operates in one category of business, that of the provision of financial services.

3. ADMINISTRATIVE EXPENSES

Administrative expenses represent a management fee of £400,000 (1996 - £510,000) from the parent company. This includes directors' emoluments for management services, as detailed below, and audit fees of £2,000 (1996 - £1,600).

4. DIRECTORS' EMOLUMENTS

	<u>1997</u>	<u>1996</u>
	£	£
Aggregate emoluments (excluding pension contributions)	225,437	159,840
Aggregate value of company contributions to defined contribution pension schemes (in respect of 3 directors)	36,089	38,030

Apart from the directors' emoluments information disclosed above, there are no other related party transactions with directors or other officers of the company that are required to be disclosed under FRS 8, Related Party Disclosure.

5. EMPLOYEES

No staff were employed directly by the company during the year (1996 - Nil).

L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 1997

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1997</u>	<u>1996</u>
U.K. Corporation tax based on the profit for the year at 31.5 % (1996 - 33%)	<u>£15,396</u>	<u>£5,878</u>

7. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Trade debtors	196,388	296,340
Amounts owed by group companies	602,623	326,899
	<u>£799,011</u>	<u>£623,239</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1997</u>	<u>1996</u>
	£	£
Corporation Tax due	15,584	5,888
Dividend proposed	150,000	0
	<u>£165,584</u>	<u>£5,888</u>

9. CALLED UP SHARE CAPITAL

	<u>Ordinary Shares of £1 each</u>	
	<u>1997</u>	<u>1996</u>
Authorised, issued and fully paid	<u>£250,000</u>	<u>£250,000</u>

10. DIVIDENDS

	<u>1997</u>	<u>1996</u>
Ordinary final dividend proposed	<u>£150,000</u>	<u>£Nil</u>

L.C.F. EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 1997

11. CONTINGENT LIABILITIES

There are no contingent liabilities known to the directors (1996 - Nil).

12. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of the La Compagnie Financiere Benjamin et Edmond de Rothschild Limited a company registered in England and Wales. Copies of the financial statements can be obtained from the registered office.

The directors consider the ultimate holding company and ultimate controlling party to be La Compagnie Financiere Holding Benjamin et Edmond de Rothschild, Genève S.A., a company incorporated in Switzerland.