

Registration No. 4091663

**Registered Office:
25 Cabot Square
Canary Wharf
London E14 4QA**

MSDW MONTGOMERIE INVESTMENTS LIMITED

Report and Accounts

30 November 2003



**Deloitte & Touche LLP
London**

MSDW MONTGOMERIE INVESTMENTS LIMITED

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MSDW MONTGOMERIE INVESTMENTS LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 30 November 2003.

RESULTS AND DIVIDENDS

The loss for the year, after tax, was \$7,593,000 (2002: \$896,000 profit). During the year, no dividends were paid (2002: \$nil). The \$7,593,000 loss (2002:\$896,000 profit) will be carried to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of MSDW Montgomerie Investments Limited (the "Company") is to act as an intermediate holding company.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley, which together with the Company and its other subsidiary undertakings, form the Morgan Stanley Group (the "Group").

The profit and loss account for the year is set out on page 4. Both the level of business during the year and the financial position at the end of the year were satisfactory. As stated in Note 11, a letter of financial support has been received from MSDW Turnberry Limited, the UK parent undertaking of the Company. No significant change in the Company's principal business activity is expected.

DIRECTORS

The following Directors held office throughout the year (except where otherwise shown):

L A Nash
S Merry
M C Slingo
D C Campbell (Resigned 29 May 2003)

DIRECTORS' INTERESTS

The Directors had no disclosable interests in the share and loan capital of any Group company at the beginning or end of the year.

AUDITORS

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 18 September 2003. Accordingly, the accounts have been signed in the name of Deloitte & Touche LLP..

The Company has in place an elective regime to dispense with the need to hold annual general meetings, lay reports and accounts before the shareholders at a general meeting, and the requirement to re-appoint the auditors, Deloitte & Touche LLP, annually.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the Directors to prepare accounts 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 or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board.



Director

28 February 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MSDW MONTGOMERIE INVESTMENTS LIMITED

We have audited the financial statements of MSDW Montgomerie Investments Limited for the year ended 30 November 2003 which comprise the profit and loss account, balance sheet and notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom company law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 30 November 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP, London
Chartered Accountants and Registered Auditors

25 February 2004

MSDW MONTGOMERIE INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 November 2003

	Note	2003 \$'000	2002 \$'000
Administration expenses		-	(4)
OPERATING LOSS	2	-	(4)
Income from shares in Group undertakings		-	10,466
Interest payable and similar charges	4	(7,593)	(9,566)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,593)	896
Tax on loss on ordinary activities	5	-	-
(LOSS) / PROFIT RETAINED FOR THE FINANCIAL YEAR		<u>(7,593)</u>	<u>896</u>

All operations were continuing in the current and prior year.

There were no recognised gains or losses during the current year or prior year other than those disclosed above. Accordingly, no statement of total recognised gains and losses has been prepared.

A reconciliation of the movement in shareholders' funds has been prepared in note 9 to the accounts.

The notes on page 6 to 11 form an integral part of the accounts.

MSDW MONTGOMERIE INVESTMENTS LIMITED

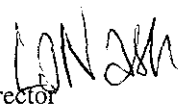
BALANCE SHEET

30 November 2003

	Note	2003 \$'000	2002 \$'000
FIXED ASSETS			
Investments	6	<u>600,000</u>	<u>600,000</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other creditors	7	<u>(515,850)</u>	<u>(508,257)</u>
NET CURRENT LIABILITIES		<u>(515,850)</u>	<u>(508,257)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>84,150</u>	<u>91,743</u>
CAPITAL AND RESERVES			
Called up share capital	8	100,000	100,000
Profit and loss account	9	(15,850)	(8,257)
EQUITY SHAREHOLDERS' FUNDS		<u>84,150</u>	<u>91,743</u>

These accounts were approved by the Board.

Signed on behalf of the Board


Director

28 February 2004

The notes on page 6 to 11 form an integral part of the accounts.

NOTES TO THE ACCOUNTS
Year ended 30 November 2003

1. ACCOUNTING POLICIES

a) Accounting convention

The accounts are prepared under the historical cost convention, and in accordance with applicable United Kingdom company law and accounting standards. The Company is not required to prepare consolidated accounts by virtue of the exemption under section 228 of the Companies Act 1985. The results of the Company are included within the accounts of Morgan Stanley International Limited, a company registered in England and Wales, which will prepare consolidated accounts for the year to 30 November 2003. The accounts therefore present information about the Company as an individual entity and not about its group.

b) Functional currency

The accounts are prepared in US dollars, the currency of the primary economic environment in which the Company operates.

c) Foreign currencies

All monetary assets and liabilities denominated in currencies other than US dollars are translated into US dollars at the rates ruling at the balance sheet date. Transactions in currencies other than US dollars are recorded at the rates ruling at the dates of the transactions. All other translation differences are taken through the profit and loss account.

d) Repurchase and resale agreements and securities borrowing and lending

In the course of financing its business, the Company enters into arrangements which involve the sale of securities with agreements to repurchase. Cash balances and accrued interest arising under repurchase agreements and securities lending arrangements are recorded as liabilities and the related securities, where owned by the Company, are included in financial instruments at fair value. Cash balances and accrued interest arising under resale agreements and securities borrowing arrangements are recorded as debtors.

e) Fixed asset investments

Fixed asset investments are stated at cost, less provision for any impairment. Monetary fixed asset investments denominated in currencies other than US dollars are revalued to US dollars at the rates ruling at the balance sheet date, as described in note 1c) above.

f) Taxation

UK Corporation tax is provided at amounts expected to be paid / recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision has been made for deferred tax assets and liabilities arising from timing differences. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

g) Netting

All assets and liabilities have been disclosed gross unless the Company's ability to insist on net settlement is assured beyond doubt.

h) Cash flow statement

The Company's ultimate parent undertaking produces a cash flow statement. Accordingly, the Company, which is a wholly owned subsidiary, has elected to avail itself of the exemption provided in FRS 1 (Revised 1996) *Cash Flow Statements* and not produce a cash flow statement.

MSDW MONTGOMERIE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 November 2003

2. OPERATING LOSS

	2003 \$'000	2002 \$'000
Operating loss is stated after charging :		
Auditors' remuneration - audit fees	<u>-</u>	<u>4</u>

Audit fees have been borne by a fellow Group company, in the current year.

3. STAFF COSTS

The Company employed no staff during the year (2002:nil). The directors did not receive any remuneration for their qualifying services to the Company during the year (2002: \$nil).

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 \$'000	2002 \$'000
Interest payable to Group undertakings	7,593	8,309
Other interest payable	<u>-</u>	<u>1,257</u>
	<u>7,593</u>	<u>9,566</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 \$'000	2002 \$'000
UK corporation tax at 30% (2002 – 30%)		
- Current year	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS

Year ended 30 November 2003

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting the tax charge for the year

The current year UK taxation charge is higher than the standard UK corporation tax rate of 30%. The main differences are explained below:

	2003 \$'000	2002 \$'000
(Loss) / Profit on ordinary activities before tax	<u>(7,593)</u>	<u>896</u>
(Loss / Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%))	(2,278)	269
Effects of:		
Group relief surrendered for nil consideration	2,278	2,872
Double tax relief	-	(4,795)
Gross up of foreign dividends received	-	1,654
Current tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

6. FIXED ASSET INVESTMENTS

	Subsidiary undertakings \$'000	Total \$'000
Cost		
At 1 December 2002	<u>600,000</u>	<u>600,000</u>
At 30 November 2003	<u>600,000</u>	<u>600,000</u>
Net book value		
At 30 November 2002	<u><u>600,000</u></u>	<u><u>600,000</u></u>
At 30 November 2003	<u><u>600,000</u></u>	<u><u>600,000</u></u>

MSDW MONTGOMERIE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 November 2003

6. FIXED ASSET INVESTMENTS (CONTINUED)

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital, or investments with a book value greater than 20% of the Company's own assets at 30 November 2003, are as follows:

Name of company	Country of Incorporation	Holding	Type of shares held	Proportion of voting rights	Nature of Business
Cabot 28 Limited	England and Wales	100%	Ordinary	100%	Dormant
Cabot 29 Limited	England and Wales	100%	Ordinary	100%	Dormant
MSDW Lyle Investments Limited	England & Wales	100%	Ordinary	100%	Holding company
Woburn III Cooperatieve U.A.	The Netherlands	100%	A & B Memberships*	80% (20%)	Financial Services
Morgan Stanley Fisher Investments Limited	England and Wales	100%	Ordinary	100%	Dormant
Morgan Stanley Lundy Investments Limited	England and Wales	100%	Ordinary	100%	Dormant
Morgan Stanley Dover Investments Limited	England and Wales	100%	Ordinary	100%	Dormant
Morgan Stanley Portland Investments Limited	England and Wales	100%	Ordinary	100%	Dormant
Morgan Stanley Malin Investments Limited	England and Wales	100%	Ordinary	100%	Dormant
Morgan Stanley Humboldt Investments Limited	England and Wales	100%	Ordinary	100%	Dormant

An * denotes shareholdings attributed to the Company which are held by a subsidiary undertaking of the Company.

Voting rights stated as less than 100% in the table above represent the Company's legal ownership position and do not reflect the substance of the Company's control over these companies. In all cases, the shares and memberships representing the remaining voting rights are subject to repurchase and other agreements effectively conferring 100% control to the Company.

7. OTHER CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 \$'000	2002 \$'000
Other amounts owing to Group undertakings	<u>515,850</u>	<u>508,257</u>

NOTES TO THE ACCOUNTS
Year ended 30 November 2003

8. CALLED UP SHARE CAPITAL

	2003 Number	2002 Number
Authorised :		
Equity shares		
100,000,000 ordinary shares of \$1 each	100,000,000	100,000,000
1,000 ordinary share of £1 each	<u>1,000</u>	<u>1,000</u>
	2003	2002
	\$'000	\$'000
Allotted and fully paid :		
Equity shares		
100,000,000 ordinary shares of \$1 each	100,000	100,000
1 ordinary share of £1 each	<u>-</u>	<u>-</u>
	<u>100,000</u>	<u>100,000</u>

All ordinary shares are recorded at the rates of exchange ruling at the date the shares were paid up.

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Called up share capital \$'000	Profit and loss account \$'000	Total \$'000
At 1 December 2001	100,000	(9,153)	90,847
Profit for the year	-	896	896
At 1 December 2002	100,000	(8,257)	91,743
Loss for the year	-	(7,593)	(7,593)
At 30 November 2003	<u>100,000</u>	<u>(15,850)</u>	<u>84,150</u>

10. RELATED PARTY TRANSACTIONS

The Company is exempt from the requirement to disclose transactions with fellow group undertakings under paragraph 3(c) of FRS 8 *Related Party Disclosures*. There were no other related party transactions requiring disclosure.

11. FINANCIAL SUPPORT

A letter of financial support has been received from the UK parent undertaking of the Company, MSDW Turnberry Limited, confirming that it will provide sufficient funds to the Company to enable it to continue its ongoing operations.

NOTES TO THE ACCOUNTS

Year ended 30 November 2003

12. PARENT UNDERTAKINGS

The ultimate parent undertaking and controlling entity and the largest group of which the company is a member and for which group accounts are prepared is Morgan Stanley. Morgan Stanley is incorporated in Delaware, the United States of America and copies of its financial statements can be obtained from 25 Cabot Square, Canary Wharf, London E14 4QA.

The parent undertaking of the smallest group of companies for which group financial statements are drawn up and of which the Company is a member is Morgan Stanley International Limited which is registered in England and Wales. Copies of its financial statements can be obtained from the Registrar of Companies for England and Wales, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

13. POST BALANCE SHEET EVENTS

On 7 February 2004 the Company subscribed for an additional 100,000 ordinary shares of €1 each in the authorised share capital of each of Morgan Stanley Dover Investments Limited, Morgan Stanley Fisher Investments Limited and Morgan Stanley Lundy Investments Limited.