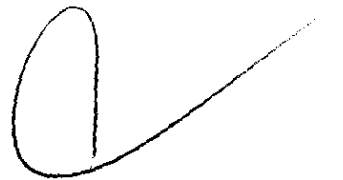


SC 160821

BLACKROCK INTERNATIONAL, LIMITED.

Report and Accounts
31 December 2001

 ERNST & YOUNG





BlackRock International, Limited.

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £2,963,005 (2000: loss of £201,865) and has been transferred to reserves. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The main business of the group is investment management and the company is regulated by The FSA.

FUTURE DEVELOPMENTS

The directors aim to continue to conduct the business in such a way as to attract further clients.

FIXED ASSETS

Fixed assets of £453,140 (2000: £1,656,111) were acquired during the year.

CAPITAL

Additional capital of £1,867,212 (£1.44p per share) was subscribed by the parent company in order that the company may meet its regulatory capital requirements.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were as follows:

Laurence Fink
Robert Kapito
Ralph Schlosstein

No director held an interest in the shares of the company.

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

A resolution to appoint Deloitte & Touche as the Company's auditor will be put to the forthcoming Annual General Meeting

By order of the Board

Colin J. MacNeill

DIRECTOR, DM COMPANY SERVICES LIMITED

Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 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;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKROCK INTERNATIONAL, LIMITED.

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet, Statement of Cash Flows, and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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.

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

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 judgments 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 as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Registered Auditor
Edinburgh

10 April 2002

BlackRock International, Limited.

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	<i>Note</i>	<i>2001</i> £	<i>2000</i> £
TURNOVER	2	17,195,447	11,323,425
Administrative expenses		(13,458,042)	(11,724,320)
OPERATING PROFIT/(LOSS)	3	3,737,405	(400,895)
Profit on disposal of fixed assets		1,875	1,089
Bank interest receivable		300,346	197,941
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		4,039,626	(201,865)
Tax on profit/(loss) on ordinary activities	5	1,076,621	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	13	2,963,005	(201,865)

RECOGNISED GAINS AND LOSSES

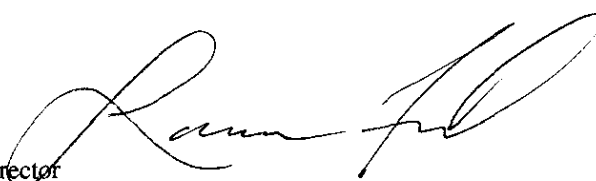
There are no recognised gains or losses other than the profit attributable to shareholders of the company of £2,963,005 and foreign exchanges loss of £123,621 in the year ended 31 December 2001 and a loss of £201,865 and foreign exchange loss of £40,027 in the year ended 31 December 2000.

BlackRock International, Limited.

BALANCE SHEET at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	6	1,668,395	1,598,602
Investment	7	1,048,767	1,172,388
		<u>2,717,162</u>	<u>2,770,990</u>
CURRENT ASSETS			
Debtors	8	4,990,188	4,378,510
Cash at bank and in hand		10,444,075	5,343,678
		<u>15,434,263</u>	<u>9,722,188</u>
CREDITORS: amounts falling due within one year	9	6,672,934	5,356,001
NET CURRENT ASSETS		<u>8,761,329</u>	<u>4,366,187</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,478,491</u>	<u>7,137,177</u>
CREDITORS: amounts falling due after more than one year	10	782,172	1,147,454
		<u>10,696,319</u>	<u>5,989,723</u>
CAPITAL AND RESERVES:			
Share capital	11,13	1,300,000	1,300,000
Capital contributions	13	7,976,983	6,109,771
Profit and loss account	13	1,407,977	(1,555,028)
Foreign exchange differences	13	11,359	134,980
Equity shareholders' funds	13	<u>10,696,319</u>	<u>5,989,723</u>

ERNST & YOUNG

Director 

BlackRock International, Limited.

STATEMENT OF CASH FLOWS for the period ended 31 December 2001

	Notes	2001 £	2000 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(c)	3,519,413	971,672
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		263,943	197,941
NET CASH INFLOW FROM RETURNS ON INVESTMENTS		263,943	197,941
TAXATION		(97,031)	-
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(453,140)	(1,656,111)
Receipts from sales of tangible fixed assets		-	119,999
Investment		-	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(453,140)	(1,536,112)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		3,233,185	(366,499)
FINANCING			
Capital Contribution		1,867,212	1,994,018
NET CASH INFLOW FROM FINANCING		1,867,212	1,994,018
INCREASE IN CASH		5,100,397	1,627,519
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash in the period	14	5,100,397	1,627,519
Net funds at 1 January	14	5,343,678	3,716,159
Net funds at 31 December	14	10,444,075	5,343,678

NOTES TO THE ACCOUNTS
at 31 December 2001

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

No consolidated accounts are prepared as the company has no subsidiary undertakings. The company has an associate company and the relevant disclosures under FRS9 are made in note 7.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Computer equipment	-	over 3 years
Telephone equipment	-	over 3 years
Fixtures & fittings	-	over 7 years
Leasehold property	-	over 10 years

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account with the exception of the investment in the associate company where differences are taken directly to reserves.

Income recognition

Discretionary management fees are recognised on an accruals basis. Performance fees are recognised on a cash basis.

2. TURNOVER

Turnover, which is stated net of value added tax, represents the amounts derived from corporate services.

3. OPERATING PROFIT

(a) This is stated after charging:	2001	2000
	£	£
Depreciation of fixed assets	383,348	152,935
Auditors' remuneration : audit	32,500	30,000
other	84,405	55,060
Operating lease rentals - motor vehicles	44,722	62,582

(b) Directors' remuneration:

	2001	2000
	£	£
Emoluments	-	-
Pension contributions	-	-
	-	-

The emoluments of the highest paid director were £Nil (2000: £Nil).

BlackRock International, Limited.

NOTES TO THE ACCOUNTS at 31 December 2001

3. OPERATING PROFIT (continued)

	2001 £	2000 £
c) Reconciliation of operating profit to net cash inflow from operating activities:		
Operating profit/(loss)	3,737,405	(400,895)
Depreciation	383,348	152,935
Increase in debtors	(575,275)	(3,776,168)
(Decrease)/increase in creditors	(26,065)	4,995,800
	<u>3,519,413</u>	<u>971,672</u>

4. STAFF COSTS

	2001 £	2000 £
Wages and salaries	9,347,459	7,255,640
Social security costs	1,231,181	853,655
Other pension costs	378,966	236,797
	<u>10,957,606</u>	<u>8,346,092</u>

The average weekly number of employees during the period was made up as follows:

	No.	No.
Office and management	<u>62</u>	<u>40</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
Corporation tax at 27per cent	<u>1,076,621</u>	<u>-</u>

6. TANGIBLE FIXED ASSETS

	<i>Leasehold property</i> £	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Telephone equipment</i> £	<i>Total</i> £
Cost					
At 1 January 2001	904,486	233,810	409,566	209,335	1,757,197
Additions	147,838	176,866	116,309	12,128	453,141
At 31 December 2001	<u>1,052,324</u>	<u>410,676</u>	<u>525,875</u>	<u>221,463</u>	<u>2,210,338</u>
Depreciation					
At 1 January 2001	12,457	9,825	118,852	17,461	158,595
Charge for year	101,524	52,235	157,934	71,655	383,348
At 31 December 2001	<u>113,981</u>	<u>62,060</u>	<u>276,786</u>	<u>89,116</u>	<u>541,943</u>
Net book value					
At 31 December 2001	<u>938,343</u>	<u>348,616</u>	<u>249,089</u>	<u>132,347</u>	<u>1,668,395</u>
At 1 January 2001	<u>892,029</u>	<u>223,985</u>	<u>290,714</u>	<u>191,874</u>	<u>1,598,602</u>

BlackRock International, Limited.

NOTES TO THE ACCOUNTS at 31 December 2001

7. INVESTMENTS - ASSOCIATE COMPANY

	2001 £	2000 £
Cost:		
At 31 December 2000	1,172,338	1,212,415
Foreign exchange loss	(123,571)	(40,027)
At 31 December 2001	1,048,767	1,172,338

The company invested 200 million Japanese Yen on 31 March 1999 in Nomura BlackRock Asset Management Co Ltd which represents 44 per cent of the equity of that company. As BlackRock International Limited does not prepare consolidated accounts, a separate set of financial statements has been produced showing the relevant information as additional information to its own financial statements. These are set out below:

PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	2001 £	2000 £
TURNOVER	17,195,447	11,323,425
Administrative expenses	(13,458,042)	(11,724,320)
OPERATING PROFIT/(LOSS)	3,737,405	(400,895)
Share of operating profit of associate	175,338	243,592
TOTAL OPERATING PROFIT/(LOSS)	3,912,743	(157,303)
Profit on disposal of fixed assets	1,875	1,089
Bank interest receivable	300,346	197,941
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4,214,964	41,727
Tax on profit on ordinary activities	1,076,621	-
PROFIT FOR THE FINANCIAL YEAR	3,138,343	41,727

NOTES TO THE ACCOUNTS
at 31 December 2001

7. INVESTMENTS - ASSOCIATE COMPANY
(continued)

PRO FORMA CONSOLIDATED BALANCE SHEET
at 31 December 2001

	2001 £	2000 £
FIXED ASSETS		
Tangible assets	1,668,394	1,598,602
Investment in associate	1,110,890	1,040,540
	<u>2,779,284</u>	<u>2,639,142</u>
CURRENT ASSETS		
Debtors	4,990,188	4,378,510
Cash at bank and in hand	10,444,075	5,343,678
	<u>15,434,263</u>	<u>9,722,188</u>
CREDITORS: amounts falling due within one year	<u>6,672,934</u>	<u>5,356,001</u>
NET CURRENT ASSETS	<u>8,761,329</u>	<u>4,366,187</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>11,540,613</u>	<u>7,005,329</u>
CREDITORS: amounts falling due after more than one year	<u>782,172</u>	<u>1,147,454</u>
	<u>10,758,441</u>	<u>5,857,875</u>
CAPITAL AND RESERVES		
Share capital	1,300,000	1,300,000
Capital contributions	7,976,983	6,109,771
Profit and loss account	1,591,785	(1,546,558)
Foreign exchange differences	(110,327)	(5,338)
Equity shareholders' funds	<u>10,758,441</u>	<u>5,857,875</u>

PRO FORMA RECONCILIATION OF CONSOLIDATED
SHAREHOLDERS FUNDS

	<i>Called up share capital</i>	<i>Capital contributions</i>	<i>Profit and loss account</i>	<i>Foreign exchange differences</i>	<i>Shareholders funds</i>
	£	£	£	£	£
At 31 December 2000	1,300,000	6,109,771	(1,546,558)	(5,338)	5,857,875
Capital introduced	-	1,867,212	-	-	1,867,212
Retained profit	-	-	3,138,343	-	3,138,343
Exchange differences on re-translation of net assets of associate	-	-	-	(104,989)	(104,989)
At 31 December 2001	<u>1,300,000</u>	<u>7,976,983</u>	<u>1,591,785</u>	<u>(110,327)</u>	<u>10,758,441</u>

BlackRock International, Limited.

NOTES TO THE ACCOUNTS at 31 December 2001

8. DEBTORS

	2001	2000
	£	£
Trade debtors	4,535,774	3,657,005
Prepayments and accrued income	112,939	39,754
Other debtors	177,950	286,031
Due from parent undertaking	-	334,683
Due from fellow subsidiary	163,525	61,037
	<u>4,990,188</u>	<u>4,378,510</u>

9. CREDITORS: amounts falling due within one year

	2001	2000
	£	£
Trade creditors	75,808	32,237
Accruals	4,587,077	4,557,347
Corporation tax	979,590	-
Other taxes and social security costs	672,351	100,475
Due to parent undertaking	83,966	84,281
Deferred income	-	333,244
Other creditors	274,142	248,417
	<u>6,672,934</u>	<u>5,356,001</u>

10. CREDITORS: amounts falling due after more than one year

	2001	2000
	£	£
Long-term compensation scheme	<u>782,172</u>	<u>1,147,454</u>

11. SHARE CAPITAL

	2001	Authorised 2000	Issued and fully paid 2001	2000
	£	£	£	£
Ordinary shares of £1 each	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>

Capital contributions of £1,867,212 (£1.44 per share) were subscribed for by the parent company for regulatory capital purposes.

BlackRock International, Limited.

NOTES TO THE ACCOUNTS at 31 December 2001

12. OTHER FINANCIAL COMMITMENTS

At 31 December the company had annual commitments under non-cancellable operating leases as set out below:-

	<i>Motor vehicles 2001 £</i>	<i>Land & buildings 2001 £</i>	<i>Land & buildings 2000 £</i>
Leases which expire:			
within one year	26,036	396,268	-
in the second to fifth year inclusive	-	1,585,072	-
in over five years	-	3,434,323	396,268
	<u>26,036</u>	<u>5,415,663</u>	<u>396,268</u>

13. RECONCILIATION OF RESERVES AND MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Called up share capital £</i>	<i>Capital contributions £</i>	<i>Profit and loss account £</i>	<i>Foreign exchange difference £</i>	<i>Share- holder's funds £</i>
At 31 December 2000	1,300,000	6,109,771	(1,555,028)	134,980	5,989,723
Capital introduced	-	1,867,212	-	-	1,867,212
Retained profit	-	-	2,963,005	-	2,963,005
Exchange difference on investment in associate	-	-	-	(123,621)	(123,621)
At 31 December 2001	<u>1,300,000</u>	<u>7,976,983</u>	<u>1,407,977</u>	<u>11,359</u>	<u>10,696,319</u>

14. NOTES TO THE STATEMENT OF CASH FLOW

Analysis of changes in net funds:

	<i>At 1 January 2001 £</i>	<i>Cash At 31 December inflow £</i>	<i>2001 £</i>
Cash at bank and in hand	5,343,678	5,100,397	10,444,075

15. ULTIMATE PARENT COMPANY

The ultimate parent company of the group of undertakings for which group accounts are drawn up and of which the company is a member, is PNC Financial Services Group a company registered in the USA.

16. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2001.

17. RELATED PARTIES

No disclosure of transactions with the parent company has been made as permitted by FRS8.

18. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £97,000 (2000: £Nil)