

BlackRock International, Ltd.

Report and Accounts

Year ended 31 December 2003

SC160821



Directors' report

The directors present their report and audited accounts for the year ended 31 December 2003.

Results and dividends

The profit for the year after taxation amounted to £2,472,000 (2002: £4,596,000) 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 Financial Services Authority.

Future developments

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

Tangible fixed assets

Tangible fixed assets of £53,000 (2002: £202,000) were acquired during the year.

Directors and their interests

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

Laurence Fink
Robert Kapito
Ralph Schlosstein

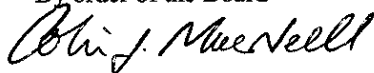
No director held an interest in the shares of the company.

Auditor

On 1 August 2003, Deloitte & Touche, the Company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 20 (5) of the Companies Act 1989.

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

By order of the Board



Director,
DM Company Services Limited

Secretary

15 April 2004

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year 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;
- 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 which 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, Ltd.

We have audited the financial statements of BlackRock International, Ltd. for the year ended 31 December 2003, which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 16. 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 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 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Glasgow

20 April 2004

Profit and Loss Account

For the year ended 31 December 2003

	<i>Note</i>	2003	2002
		£000	£000
Turnover	2	14,817	18,537
Administrative expenses		(13,289)	(13,965)
Operating profit	3	1,528	4,572
Bank interest receivable		396	351
Income from unlisted investment		1,574	1,403
Profit on ordinary activities before taxation		3,498	6,326
Tax on profit on ordinary activities	5	(1,026)	(1,730)
Retained Profit for the financial year	13	2,472	4,596

The accompanying notes are an integral part of this profit and loss account.

The company's results all relate to continuing operations.

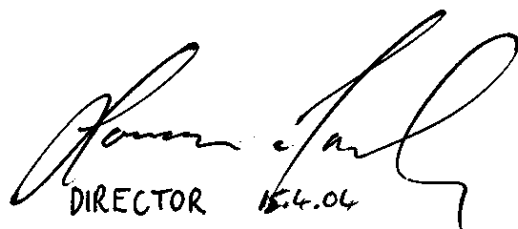
There is no difference between the profit on ordinary activities before taxation and the profit for the year as stated above and their historical cost equivalents.

There were no recognised gains or losses affecting shareholders' funds other than those reflected in the profit for the year as disclosed above.

Balance Sheet

As at 31 December 2003

	Notes	2003 £000	2002 £000
<i>Fixed assets</i>			
Tangible assets	6	1,123	1,445
Investments	7	1,037	1,037
		<u>2,160</u>	<u>2,482</u>
<i>Current assets</i>			
Debtors	8	7,410	6,651
Cash at bank and in hand		15,102	14,070
		<u>22,512</u>	<u>20,721</u>
<i>Creditors: amounts falling due within one year</i>	9	(6,779)	(7,776)
<i>Net current assets</i>		<u>15,733</u>	<u>12,945</u>
<i>Total assets less current liabilities</i>		17,893	15,427
<i>Creditors: amounts falling due after more than one year</i>		-	-
<i>Provisions for liabilities and charges</i>	10	(121)	(146)
		<u>17,772</u>	<u>15,281</u>
<i>Capital and reserves</i>			
Share capital	11	1,300	1,300
Capital contributions	13	7,996	7,977
Profit and loss account	13	8,476	6,004
Equity shareholders' funds	13	<u>17,772</u>	<u>15,281</u>



DIRECTOR 15.4.04

Cash Flow Statement

For the year ended 31 December 2003

	Notes	2003 £000	2002 £000
<i>Net cash inflow from operating activities</i>	14	725	4,454
<i>Returns on investments and servicing of finance</i>			
Interest received		1,776	830
<i>Net cash inflow from returns on investments</i>		1,776	830
<i>Taxation</i>		(1,435)	(1,456)
<i>Capital expenditure</i>			
Payments to acquire tangible fixed assets	6	(53)	(202)
<i>Net cash outflow from capital expenditure</i>		(53)	(202)
<i>Net cash inflow before financing</i>		1,013	3,626
<i>Financing</i>			
Capital contribution	13	19	-
<i>Net cash inflow from financing</i>		19	-
<i>Increase in cash</i>		1,032	3,626

Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	1,032	3,626
Net funds at 1 January 2003	14,070	10,444
Net funds at 31 December 2003	15,102	14,070

Analysis of changes in net funds:

	At 1 January 2003 £000	Cash inflow £000	At 31 December 2003 £000
Cash at bank and in hand	14,070	1,032	15,102

Notes to the accounts

For the year ended 31 December 2003

1. Accounting policies

Basis of preparation

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

Income recognition

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

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

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax has been recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in future exist at the balance sheet date. A deferred tax asset is recognised to the extent that a transfer of economic benefit is more likely than not in the future. Deferred tax is measured on a non-discounted basis.

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.

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

2. Turnover

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

Notes to the accounts

For the year ended 31 December 2003

3. Operating profit

This is stated after charging:

	2003	2002
	£000	£000
Depreciation of fixed assets	375	425
Auditors' remuneration : audit	45	40
other	4	4
	<u>424</u>	<u>469</u>

No director received remuneration from the Company during the current or preceding year.

The emoluments of the directors are paid by another Company which makes no recharge to BlackRock International, Ltd. as it is not possible to make an accurate apportionment of their emoluments in respect of their services to specific group companies.

4. Staff costs

	2003	2002
	£000	£000
Wages and salaries	8,672	9,294
Social security costs	1,742	1,284
Other pension costs	406	360
	<u>10,820</u>	<u>10,938</u>

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

	2003	2002
	No.	No.
Office and management	<u>73</u>	<u>69</u>

Notes to the accounts

For the year ended 31 December 2003

5. Tax on profit on ordinary activities

The tax charge is made up as follows:

	2003	2002
	£000	£000
Current tax:		
UK Corporation tax	1,051	1,584
Deferred tax:		
Origination and reversal of timing differences	(25)	146
	<u>1,026</u>	<u>1,730</u>

Factors affecting tax charge:

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of 30%.

The difference is reconciled below:

	2003	2002
	£000	£000
Profit on ordinary activities before tax	3,498	6,326
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2002: 30%)	1,050	1,898
Disallowed expenditure	42	43
Other timing differences	(41)	(357)
Total current tax	<u>1,051</u>	<u>1,584</u>

6. Tangible fixed assets

	Leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Telephone equipment £000	Total £000
Cost					
At 1 January 2003	1,090	414	685	223	2,412
Additions	-	13	40	-	53
At 31 December 2003	1,090	427	725	223	2,465
Depreciation					
At 1 January 2003	221	121	463	162	967
Charge for year	109	61	146	59	375
At 31 December 2003	330	182	609	221	1,342
Net book value					
At 31 December 2003	760	245	116	2	1,123
At 1 January 2003	869	293	222	61	1,445

Notes to the accounts

For the year ended 31 December 2003

7. Investments

	2003 £000	2002 £000
Unlisted Investments at 31 December	1,037	1,037

The company made a loan of 200 million Japanese Yen on 31 March 1999 to a partnership and receives a coupon for this loan of 44.44 per cent of the profit before tax of Nomura BlackRock Asset Management Company Ltd., a company incorporated in Japan.

8. Debtors

	2003 £000	2002 £000
Trade debtors	5,060	4,764
Prepayments and accrued income	166	126
Other debtors	147	141
Due from parent undertaking	906	595
Due from fellow subsidiary	82	101
Due from unlisted investment	1,049	924
	7,410	6,651

9. Creditors: amounts falling due within one year

	2003 £000	2002 £000
Trade creditors	181	89
Accruals	4,926	5,564
Corporation tax	416	800
Other taxes and social security costs	1,140	919
Due to parent undertaking	111	16
Due to fellow subsidiaries	5	2
Long-term compensation scheme	-	386
	6,779	7,776

Notes to the accounts

For the year ended 31 December 2003

10. Provisions for liabilities and charges

Deferred tax is provided as follows:

	2003	2002
	£000	£000
Capital allowances in excess of depreciation	28	24
Short-term timing differences	93	122
	<u>121</u>	<u>146</u>
		<i>Deferred Taxation</i>
		£000
At 1 January 2003		146
Provided during the year		(25)
At 31 December 2003		<u>121</u>

11. Share capital

	<i>Authorised</i>		<i>Called up, allotted and fully paid</i>	
	2003	2002	2003	2002
	£000	£000	£000	£000
Ordinary shares of £1 each	<u>1,300</u>	<u>1,300</u>	<u>1,300</u>	<u>1,300</u>

12. Other financial commitments

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

	<i>Land & buildings</i>	
	2003	2002
	£000	£000
Leases which expire:		
within one year	-	-
in the second to fifth year inclusive	-	-
after five years	379	379
	<u>379</u>	<u>379</u>

Notes to the accounts

For the year ended 31 December 2003

13. Reconciliation of reserves and movements in equity shareholders' funds

	<i>Called up share capital £000</i>	<i>Capital contributions £000</i>	<i>Profit and loss account £000</i>	<i>Share- holder's funds £000</i>
At 1 January 2003	1,300	7,977	6,004	15,281
Additional Paid in Capital	-	19	-	19
Retained profit for the year	-	-	2,472	2,472
At 31 December 2003	1,300	7,996	8,476	17,772

14. Reconciliation of operating profit to net cash inflow from operating activities

	<i>2003 £000</i>	<i>2002 £000</i>
Operating profit	1,528	4,572
Depreciation	375	425
Decrease (increase) in debtors	(469)	(737)
(Decrease) increase in creditors	(709)	194
	725	4,454

15. Related parties

No disclosure of transactions with group undertakings has been made as permitted by FRS8.

16. Ultimate parent company

The directors' regard The PNC Financial Services Group Inc, a Company registered in the USA, as the ultimate parent Company. BlackRock Inc is the parent Company of the smallest group of which the Company is a member. Copies of the parent Company's consolidated financial statements may be obtained from The PNC Financial Services Group, USX Tower, 600 Grant Street, Mailstop P6-PUSX-36-1, Pittsburgh PA 15219