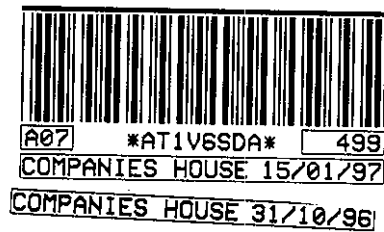

3045280

CS FIRST BOSTON (UK) INVESTMENT HOLDINGS
REPORT AND ACCOUNTS
1995



[Company Number: 433045280]

Board of Directors

Michael Prewer

Director

Robert T. Stodel

Director

R. Blair Smith

Director

Directors' Report for the period ended 31st December, 1995

The directors present their report and the accounts for the period ended 31st December, 1995.

Accounting Period

The Company was incorporated on 6th April, 1995 and the accounts have been prepared for the period to 31st December, 1995.

Activities

CS First Boston (UK) Investment Holdings was established to acquire the remaining investments held by CS First Boston (UK) Holdings Limited following integration of the investment management business worldwide with Credit Suisse. As a result, CS First Boston (UK) Investment Holdings is the investment holding company for primarily the United Kingdom interests of CS First Boston (Europe) AG, a Swiss holding company whose ultimate parent is CS Holding.

Group interests include CS First Boston Limited, an international securities issuing and trading company, CS First Boston Gilts Limited, a gilt-edged market-maker, CS First Boston Equities (Europe) Limited which trades as principal in equities and equity derivative products, CS First Boston A/O which carries out intermediary activities as a financial broker on the securities market in the Russian Federation and CS First Boston Canary Wharf Health Club Limited which represents the CS First Boston interest in the Canary Wharf Health Club partnership. In October 1995 the Company purchased 100% of the issued capital of CS First Boston (Italia) SIM SpA, an intermediary for securities transactions. Furthermore, in December 1995 the Company disposed of its interest in CS First Boston Trading Limited to CS First Boston (Europe) AG.

The principal activities of the Group include the arranging of finance for clients in the international capital markets, market-making in gilt-edged stocks and providing advisory services.

Directors

The names of the directors as at the date of this report are set out on page one. Changes in the directorate since 6th April, 1995 and up to the date of this report are as follows:

Appointments	- David B. Gendron	- 6th April, 1995 (Chairman)
	- Michael Prewer	- 6th April, 1995
	- Robert T. Stodel	- 6th April, 1995
	- R. Blair Smith	- 2nd October, 1996
Resignations	- David B. Gendron	- 30th September, 1996

None of the directors was beneficially interested, at any time during the year, in the shares of the Company, or in those of any other CS Holding group company which are required to be disclosed in the register required by Section 325 of the Companies Act 1985.

Directors' Report for the period ended 31st December, 1995

The Company maintains insurance to indemnify its directors and officers in accordance with Section 310(3) of the Companies Act 1985.

Results

The consolidated profit for the period was US\$6,774,000. Dividends of \$5,332,000 were paid during the period.

Share Capital

During the period share capital of \$73,369,478 was issued to fund the acquisition of subsidiary undertakings.

Capital contributions

During the period the Group received capital contributions totalling US\$515,071,000 from CS First Boston (Europe) AG.

Fixed assets

The movements in fixed assets are set out in Note 3.

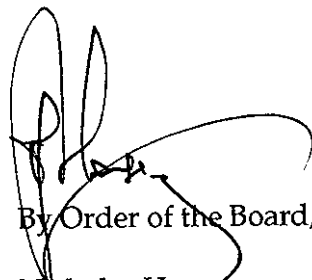
Employee involvement and employment of disabled persons

During the year the Group maintained arrangements for keeping staff aware of and involved in the Group's progress.

The Group gives full and fair consideration to disabled persons in employment applications, training and career development.

Donations

Charitable contributions of US\$84,560 were made during the period.



By Order of the Board,
Nicholas Hornsey
Secretary

One Cabot Square
London
30th October, 1996

Statement of Directors' Responsibilities

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 Group and of the profit or loss 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, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company and Group will continue their business.

The directors are responsible for maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditors' Report to the Members of CS First Boston (UK) Investment Holdings

We have audited the accounts on pages 6 to 27.

Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31st December, 1995 and of the profit of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

London
30th October, 1996

Consolidated Balance Sheet as at 31st December, 1995

	Note	1995 US\$000's
Fixed assets		
Tangible assets	3	97,465
Current assets		
Trading securities	4	8,980,518
Debtors	5	50,158,529
Cash at bank	6	388,474
		<u>59,527,521</u>
Creditors: amounts falling due within one year		
Trading securities sold, not yet purchased	7	(5,585,281)
Other creditors	8	(52,607,191)
		<u>(58,192,472)</u>
Net current assets		<u>1,335,049</u>
Total assets less current liabilities		<u>1,432,514</u>
Creditors: amounts falling due after more than one year		
Subordinated loan capital	9	(894,040)
Provisions for liabilities and charges		
Other provisions	10	(41,079)
		<u>497,395</u>
Capital and reserves		
Called up share capital	11	73,369
Share premium	12	4,259
Capital reserves	12	515,071
Goodwill	12	(95,962)
Profit and loss account	12	658
	13	<u>497,395</u>


 Michael Prewer
 Director

The accounts were approved by the Board of Directors on 30th October, 1996

The notes on pages 13 to 27 form part of these accounts

Consolidated Profit and Loss Account for the period ended 31st December, 1995

Continuing Operations		1995 US\$000's
	Note	
Operating income	14	328,458
Administrative expenses		(317,875)
Profit on ordinary activities before taxation	15	10,583
Tax on profit on ordinary activities	16	(3,809)
Profit for the financial period		6,774
Dividends		(5,332)
Profit retained for the financial period	12	1,442

Substantially all of the above operating income and profit on ordinary activities before taxation arose from companies acquired in the period.

A statement of movements on reserves is given in note 12.

Statement of Recognised Gains and Losses for the period ended 31st December, 1995

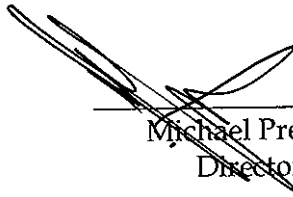
	1995 US\$000's
Profit attributable to ordinary shareholders	1,442
Currency translation differences	(784)
Total recognised gains	658

The notes on pages 13 to 27 form part of these accounts

CS FIRST BOSTON (UK) INVESTMENT HOLDINGS

Balance Sheet as at 31st December, 1995

	Note	1995 US\$000's
Fixed asset investments		
Shares in subsidiary undertakings	2	597,875
Current assets		
Debtors	5	1,543
Creditors: amounts falling due within one year	8	(4,016)
Net current liabilities		----- (2,473) -----
		595,402 -----
Capital and reserves		
Called up share capital	11	73,369
Share premium	12	4,259
Capital reserve	12	515,071
Profit and loss account	12	2,703
	13	----- 595,402 -----



 Michael Prewer
 Director

The accounts were approved by the Board of Directors on 30th October, 1996

The notes on pages 13 to 27 form part of these accounts

Consolidated Cash Flow Statement for the period ended 31st December, 1995

	Note	1995 US\$000's	1995 US\$000's
Net cash outflow from operating activities	(i)		(3,360,502)
Returns on investments and servicing of finance			
Interest paid		(778,257)	
Interest received		2,294,827	

Net cash inflow from returns on investments and servicing of finance			1,516,570
Taxation			
Tax refunded			1,123
Investing activities			
Purchase of tangible assets		(6,716)	
Sale of tangible assets		45	
Purchase of investments	(v)	(1,633,348)	

Net cash outflow from investing activities			(1,640,019)

Net cash outflow before financing			(3,482,828)
Financing			
Payment of dividends		(5,332)	
Net capital contributions		515,071	
Repayment of subordinated loan capital		(2,131)	
Issue of share capital		73,369	
Share premium arising on issue of share capital		4,259	

Net cash inflow from financing			585,236

Decrease in cash and cash equivalent	(ii)		(2,897,592)

Cash and cash equivalents exclude security trading positions which fall outside the definition described by Financial Reporting Standard 1. Accordingly, the above statement does not, of itself, provide useful information about the liquidity of the group.

The notes on page 10 to 12 form part of this cash flow statement

Notes to the Cash Flow Statement for the period ended 31st December, 1995

(i). Reconciliation of operating loss to net cash outflow from operating activities

	1995 US\$000's
Operating loss	(1,424,393)
Depreciation	23,155
Decrease in trading securities	217,106
Increase in debtors	(14,748,552)
Increase in creditors	12,567,243
Increase in provisions	4,939

Net cash outflow from operating activities	(3,360,502)

(ii). Analysis of changes in cash and cash equivalents during the period

	US\$000's
Net cash outflow	(2,897,592)

Balance at 31st December, 1995	(2,897,592)

(iii). Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1995 US\$000's
Cash at bank	388,474
Loans, bank loans and overdrafts	(3,286,066)

	(2,897,592)

Notes to the Cash Flow Statement for the period ended 31st December, 1995

(iv). Purchase of subsidiary undertakings

	1995 US\$000's
Net assets acquired	
Tangible fixed assets	113,832
Trading securities	11,312,670
Debtors	35,659,790
Cash at Bank	1,510,610
Trading securities sold, not yet purchased	(7,700,327)
Loans, bank loans and overdrafts	(2,735,125)
Other creditors	(37,805,240)
Corporation tax payable	(6,707)
Provisions	(35,614)

	313,889
Goodwill	94,944

	408,833

Satisfied by	
Issue of share capital	73,369
Share premium arising on issue of share capital	4,259
Capital contributions	331,205

	408,833

Notes to the Cash Flow Statement for the period ended 31st December, 1995

(v). Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings

	1995 US\$000's
Cash consideration	408,833
Cash at bank acquired	(1,510,610)
Loans, bank loans and overdrafts of acquired subsidiary undertakings	2,735,125
Net outflow of cash and cash equivalents in respect of the purchase of subsidiaries	----- 1,633,348 -----

(vi). Sales of business

Net assets disposed of	
Trading securities	2,874,554
Debtors	1,595,046
Trading securities sold, not yet purchased	(106,143)
Other creditors	(4,360,878)
	----- 2,579
Gain on disposal	939
	----- 3,518 -----
Satisfied by	
Capital contributions repaid	1,750
Dividend in specie	750
Goodwill transferred	1,018
	----- 3,518 -----

Notes to the Accounts for the period ended 31st December, 1995

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified to include the valuation of trading securities, forwards, futures, swaps, warrants and options at market as disclosed in notes 1(g) and 1(h).

The following accounting policies have been consistently applied:

- (a) The Company's accounts have been prepared under the historical cost convention in accordance with the relevant Statements of Standard Accounting Practice and Section 258 of, and Schedule 4 to, the Companies Act 1985. The profit and loss account of the Company has not been disclosed in accordance with Section 230 of the Companies Act 1985.
- (b) The consolidated accounts have been prepared under the historical cost convention in accordance with the relevant Statements of Standard Accounting Practice and Section 259 of, and Schedule 4 to, the Companies Act 1985, except as disclosed in notes 1(c), 1(d), 1(g) and 1(h) below. The accounts deal with the state of affairs and results of the Company and all its subsidiaries for the period ended 31st December, 1995.
- (c) The directors are of the opinion that turnover and cost of sales do not have meaningful equivalents for the business of the Group and therefore these amounts are not included in the profit and loss account.
- (d) The Group has not disclosed segmental information because in the opinion of the directors such disclosure would be prejudicial to the interests of the Group.
- (e) Assets and liabilities in foreign currencies are translated into United States Dollars at the rates of exchange ruling at the balance sheet date. The rate at 31st December, 1995 was £1-US\$1.5523. Transactions during the year were translated at month end rates. Differences in exchange are included in the profit and loss account other than in respect of the translation of net assets of subsidiary companies which account in currencies other than United States Dollars which are taken directly to reserves.
- (f) Transactions in trading securities, forwards, futures, swaps, warrants and options are recorded on a trade date basis.

1. ACCOUNTING POLICIES (continued)

- (g) Trading securities held as current trading assets are stated at market value and profits and losses arising from this valuation are taken to the profit and loss account. This is not in accordance with Schedule 4 to the Companies Act 1985 which requires that such assets be stated at the lower of cost and net realisable value, or that if revalued any revaluation differences be taken to revaluation reserve. The directors consider that these requirements would fail to give a true and fair view of the result for the period of a group that holds readily marketable investments as current assets, since their marketability enables decisions to be taken continually about whether to hold or sell those assets, and hence the economic measure of performance in any period is properly made by reference to market values. It is not practicable to quantify the effect on the accounts of these departures since information on original cost, being of no continuing relevance to the business, is not readily available.
- (h) In the ordinary course of its business the Group enters into forwards, futures, swaps, warrants and option contracts. Positions open at the year end are marked to market and the resulting profits and losses are included in the profit and loss account.
- (i) Repurchase and resale agreements are treated as financing transactions and are carried in the balance sheet at the amounts at which the securities were initially acquired or sold as specified by the respective agreements, plus interest accrued to the balance sheet date.
- (j) Capital contributions are appropriations to reserves and are received from the parent undertaking. Accordingly, such contributions are not taken through the profit and loss account.
- (k) Depreciation has been provided on a straight line basis to write off fixed assets over their estimated useful lives as follows:
- | | | |
|------------------------|---|--------------|
| Leasehold improvements | - | 10 years |
| All others | - | 3 - 7 years. |
- (l) Operating lease rentals are charged to the profit and loss account over the period when the asset is in use.
- (m) Deferred taxation is provided under the liability method to the extent that taxation timing differences are expected to reverse in the future.
- (n) Advisory fee income is recognised upon the successful completion of a transaction. Fee income arising from Primary Capital Market business is recognised on allotment date.
-

Notes to the Accounts for the period ended 31st December, 1995

1. ACCOUNTING POLICIES (continued)

- (o) Interest income and expense is accounted for on a yield basis.
- (p) Pension costs are recognised in the profit and loss account over the period in which benefit is derived from employees' services.
- (q) On the acquisition of a business, fair values, reflecting conditions at the date of acquisition are attributed to the net tangible assets acquired. Where the cost of acquisition exceeds the values attributable to the group's share of such assets, the difference is treated as purchased goodwill and is written off direct to reserves in the year of acquisition. Reorganisation and integration costs resulting from the acquisition are charged to the profit and loss account.

The profit or loss on disposal of a previously acquired business reflects the attributable amount of purchased goodwill relating to that business.

2. PARENT, ULTIMATE HOLDING COMPANY AND SUBSIDIARIES

The Company is a wholly owned subsidiary of CS First Boston (Europe) AG which is incorporated in Switzerland. The ultimate holding company is CS Holding which is also incorporated in Switzerland.

The Company had the following wholly owned subsidiaries at the year end, all of which were registered in England and Wales except for CS First Boston A/O which is registered in the Russian Federation and CS First Boston (Italia) SIM SpA which is registered in Italy:

- CS First Boston Limited, and its subsidiaries,
 - CS First Boston Trustees Limited
 - CSFB Nominees Limited
 - CS First Boston Telematico
- White Weld Investment Limited
- CSFB UK Nominees Limited
- CS First Boston Securities Limited
- CS First Boston (Fixed Assets) Limited
- CS First Boston Gilts Limited, and its subsidiary
 - CSFB (Gilts) Nominees Limited
- CS First Boston Equities (Europe) Limited
- CS First Boston Canary Wharf Health Club Limited
- CS First Boston A/O
- CS First Boston (Italia) SIM SpA

Copies of group accounts of the ultimate holding company are available from CS Holding, Rmd 12, P O Box 669, 8021 Zurich.

2. PARENT, ULTIMATE HOLDING COMPANY AND SUBSIDIARIES (continued)

Movements in investments in subsidiaries during the period were as follows:

	1995 US\$000's
Acquisition of subsidiaries	400,403
Capital contributions	199,753
Repayment of capital	(8,283)
Disposal of CS First Boston Investment Management Limited	(8)
Disposal of CS First Boston Trading Limited	(2,500)
Acquisition of CS First Boston (Italia) SIM SpA	8,430
Investment in CS First Boston Telematico	80

At 31st December, 1995	597,875

CS First Boston Investment Management Limited was sold on 11th April, 1995. The company did not contribute to the group results in the period and no gain or loss arose on its disposal.

CS First Boston Trading Limited was sold on 13th December, 1995. The company's contribution to the group results in the period was a loss of US\$939,000 and a gain arose on its disposal of US\$939,000.

Notes to the Accounts for the period ended 31st December, 1995

3. TANGIBLE FIXED ASSETS

	Leasehold improvements US\$000's	Freehold premises US\$000's	Computer equipment US\$000's	Other equipment US\$000's	Total US\$000's
Cost					
On acquisition	88,741	6,021	89,320	68,213	252,295
Additions	-	-	5,966	750	6,716
Disposals	-	-	-	(98)	(98)
Exchange differences	-	110	5	2	117
31st December, 1995	88,741	6,131	95,291	68,867	259,030
Depreciation					
On acquisition	51,788	725	47,936	38,014	138,463
Charge for the year	3,425	50	12,071	7,609	23,155
Disposals	-	-	-	(53)	(53)
31st December, 1995	55,213	775	60,007	45,570	161,565
Net Book Value at 31st December, 1995	33,528	5,356	35,284	23,297	97,465
On acquisition	36,953	5,296	41,384	30,199	113,832

Notes to the Accounts for the period ended 31st December, 1995

4. TRADING SECURITIES

	1995 US\$000's
Listed in Great Britain	762,462
Listed outside Great Britain	5,550,829
Other securities	2,667,227
	<u>8,980,518</u>

Trading securities includes US\$174,666,040 issued by parent and fellow subsidiary undertakings of which US\$84,996,000 relates to the market value of warrants, options and other off balance sheet financial instruments issued by parent and fellow subsidiary undertakings.

5. DEBTORS

	1995 US\$000's
Group	
Deposits for securities transactions	60,691
Counterparty debtors	3,225,006
Resale agreements	43,557,248
Amounts owed by parent and fellow subsidiary undertakings	2,962,294
Corporation tax recoverable	32,259
Deferred taxation (see Note 16)	17,551
Income tax recoverable	6,867
Prepayments and accrued income	296,613
	<u>50,158,529</u>
Company	
Income tax recoverable	1,543
	<u>1,543</u>

6. CASH AT BANK

	1995 US\$000's
Group	
Amounts owed by parent and fellow subsidiary undertakings	388,474
	<u>388,474</u>

Notes to the Accounts for the period ended 31st December, 1995

7. TRADING SECURITIES SOLD, NOT YET PURCHASED

Trading securities sold, not yet purchased includes US\$297,207,000 issued by parent and fellow subsidiary undertakings.

8. OTHER CREDITORS

	1995 US\$000's
Group	
Loans, bank loans and overdrafts	3,286,066
Subordinated loan capital (see Note 9)	2,842
Counterparty creditors	2,659,715
Repurchase agreements	42,131,667
Amounts owed to parent and fellow subsidiary undertakings	4,085,839
Other taxes and social security costs	195,759
Other creditors and accruals	245,303

	52,607,191

Company	
Loans, bank loans and overdrafts	26
Other creditors and accruals	2,955
Amounts owed to parent and fellow subsidiary undertakings	1,035

	4,016

Notes to the Accounts for the period ended 31st December, 1995

9. SUBORDINATED LOAN CAPITAL

	1995 US\$000's
Due within one year and issued to:	
Credit Suisse Financial Products	2,842
<hr style="width: 100%;"/>	
Due after more than one year and issued to:	
Credit Suisse Financial Products	4,840
CS First Boston Finance B.V. (issued by CS First Boston Limited)	825,000
CS First Boston Finance B.V. (issued by CS First Boston Fixed Assets Limited)	64,200
	<hr style="width: 100%;"/>
	894,040
	<hr style="width: 100%;"/>

The subordinated loan capital issued to CS First Boston Finance BV by CS First Boston Fixed Assets Limited has been drawn under a revolving credit facility. The loan is repayable on such dates as may be agreed between the parties. Interest is payable on the loan at the prevailing market rate. It is the current intention that the loan will not be repaid within one year.

The subordinated loan issued to Credit Suisse Financial Products has been drawn under a long term agreement. Payments are due on a quarterly basis. The final repayment is due on the 31st October, 1999 or on such other dates as may be agreed between the parties. Interest is payable on the loan at the prevailing market rate.

Both of the loans, together with any interest outstanding thereon, is subordinated in right of repayment to all other indebtedness and liabilities of the Company.

The subordinated loan capital issued to CS First Boston Finance BV by CS First Boston Limited has been drawn under an agreement renewed on 29th December, 1995.

Under the terms of the facility the Company may repay, in whole or in part, any amounts outstanding upon giving five business days notice to the lender and SFA provided that, after any repayment, the Company's financial resources exceed 120% of its financial resources requirement as defined by the SFA.

Interest is payable at the prevailing market rate. Under the facility the loan and any interest outstanding thereon, is subordinated in right of repayment to all other indebtedness and liabilities of the company.

Notes to the Accounts for the period ended 31st December, 1995

10. OTHER PROVISIONS	US\$000's
On acquisition	35,614
Charge for the period	5,465
At 31st December, 1995	<u>41,079</u>

Provisions at 31st December, 1995 represent the Group's expected net expense under non-cancellable operating lease commitments.

11. CALLED UP SHARE CAPITAL	1995 US\$000's
Authorised 100,000,000 ordinary shares of US\$1 each	<u>100,000</u>
Allotted, called up, and fully paid 73,369,478 ordinary shares of US\$1 each	<u>73,369</u>

On 6th April, 1995 69,199,178 shares were issued at par value. The proceeds were used to fund the acquisition of investments held by CS First Boston (UK) Investment Holdings Limited immediately prior to its liquidation.

On 2nd October, 1995 4,170,300 shares were issued at a premium of US\$1.02 per share. The proceeds were used to fund the acquisition of CS First Boston (Italia) SIM SpA.

12. RESERVES				
Group	Share Premium US\$000's	Capital US\$000's	Goodwill US\$000's	Profit and loss account US\$000's
Profit for the period	-	-	-	6,774
Dividends	-	-	-	(5,332)
Exchange differences	-	-	-	(784)
Capital contributions	-	515,071	-	-
Premium on share issues	4,259	-	-	-
Goodwill written off during the year	-	-	(94,944)	-
Transfer of goodwill on disposal	-	-	(1,018)	-
At 31st December, 1995	<u>4,259</u>	<u>515,071</u>	<u>(95,962)</u>	<u>658</u>

Notes to the Accounts for the period ended 31st December, 1995

12. RESERVES (continued)

Company	Share premium US\$000's	Capital US\$000's	Profit and loss account US\$000's
Profit for the period	-	-	2,703
Capital contributions	-	515,071	-
Premium on share issues	4,259	-	-
	<u>4,259</u>	<u>515,071</u>	<u>2,703</u>
At 31st December, 1995	4,259	515,071	2,703

13. MOVEMENT IN SHAREHOLDER'S FUNDS

Group	1995 US\$000's
Issue of share capital	73,369
Share premium arising on issue of share capital	4,259
Net capital contributions	515,071
Profit for the financial period	1,442
Exchange differences	(784)
Goodwill	(95,962)
Closing shareholder's funds	<u>497,395</u>
Company	1995 US\$000's
Issue of share capital	73,369
Share premium arising on issue of share capital	4,259
Net capital contributions	515,071
Profit for the financial period	2,703
Closing shareholder's funds	<u>595,402</u>

Notes to the Accounts for the period ended 31st December, 1995

14. OPERATING INCOME

Operating income is stated after charging / crediting the following:

a. Interest payable	1995 US\$000's
On loans, bank loans and overdrafts	494,849
On amounts owed to parent and fellow subsidiary undertakings	80,814
On subordinated loans from parent undertaking repayable within five years	35,253
On subordinated loans from fellow subsidiary undertakings repayable within five years	351
Other interest payable	108
	----- 611,375 -----
b. Interest receivable and other similar income	2,046,351 -----

Interest receivable and other similar income includes amounts owed by parent and fellow subsidiary undertakings of US\$80,324,794.

15. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	1995 US\$000's
Directors' emoluments	947
Auditors' remuneration for audit services:	
Subsidiaries	675
Auditors' remuneration for non-audit services	140
Operating lease rentals	54,917
Depreciation	23,155
Provisions charge (see Note 10)	5,465

The Company's auditors' remuneration for audit services in both years has been borne by a subsidiary undertaking.

Notes to the Accounts for the period ended 31st December, 1995

16. TAXATION

The taxation charge comprises:

	1995 US\$000's
U.K. taxation at 33%	4,335
Deferred taxation	(526)

	3,809

Deferred taxation asset	
On acquisition	17,025
Movement for the period (see above)	526

At 31st December, 1995	17,551

The deferred taxation asset/(liability) arises as set out below:

	1995 Provided US\$000's
Accelerated capital allowances on fixed assets	(73)
Other timing differences	17,624

	17,551

Notes to the Accounts for the period ended 31st December, 1995

17. EMPLOYEES

The average number of persons employed by the Group during the period was 900.

Employees' emoluments are analysed as follows:

	1995 US\$000's
Wages and salaries paid	190,146
Social security costs	5,788
Pension contributions	8,148

18. DIRECTORS' EMOLUMENTS

Directors' emoluments for services to the Group, excluding pension contributions, are analysed as follows:

	1995 US\$000's
(a) Chairman and highest paid director	436
(b) The emoluments, excluding pension contributions, of the directors (including the chairman and the highest paid director) were within the following ranges:	
	1995
£ 135,001 - £ 140,000	1
£ 155,001 - £ 160,000	1
£ 275,001 - £ 280,000	1

Certain of the directors do not receive remuneration from CS First Boston (UK) Investment Holdings or subsidiary companies but are remunerated in respect of their services to the Group by associated overseas companies by whom they are employed. Such remuneration is included in the figures for directors' remuneration disclosed above. A management charge in respect of the services provided by these individuals is made by the overseas companies to CS First Boston Limited.

Notes to the Accounts for the period ended 31st December, 1995

19. CONTINGENT LIABILITIES AND COMMITMENTS

CS First Boston Equities (Europe) Limited and CS First Boston Gilts Limited have each granted a first-fixed charge over certain receivables, a floating charge over their accounts at the Talisman Centre and a charge over all securities designated "Talisman securities" to The London Stock Exchange against failure to meet their trading obligations.

CS First Boston Equities (Europe) Limited and CS First Boston Limited have both granted fixed charges to Morgan Guaranty Trust Company of New York over all American Depository Receipts held by that company on their behalf, and over all rights, claims and interests in the relevant underlying securities.

CS First Boston Gilts Limited has granted a first fixed charge over certain receivables, and a floating charge over its account at the Central Gilts Office and over certain securities, to Midland Bank plc. The Company also borrows money and securities on a secured basis from The London Stock Exchange money-brokers.

In the normal course of business, the Group enters into contractual commitments involving financial instruments with off-balance sheet risk. These financial instruments include financial guarantees, interest rate swaps, interest rate caps and floors written, forward and futures contracts and options contracts written.

Annual commitments under operating leases at 31st December, 1995 were:

	1995	
	Land and buildings US\$000's	Other US\$000's
- expiring within one year	-	3,446
- expiring between two and five years inclusive	-	1,603
- expiring after five years	20,812	-
	-----	-----
	20,812	5,049
	-----	-----

Various legal proceedings are pending against the Group. The directors of the Group believe that the aggregate liability, if any, resulting from these proceedings will not be material.

Notes to the Accounts for the period ended 31st December, 1995

20. CAPITAL COMMITMENTS

Capital commitments outstanding are:	1995 US\$000's
- authorised but not contracted for	9,587 -----

21. PENSION SCHEME

The CSFB Pension and Life Assurance Scheme ("the Scheme") is a defined benefit Pension Scheme operated by CS First Boston Trustees Limited for the benefit of staff employed by the CS First Boston (UK) Investment Holdings Group and fellow subsidiary undertakings.

In accordance with the provisions of SSAP24 the expected cost of providing future pensions is recognised on a systematic basis over the period during which the Group expects to derive a benefit from the services of its employees.

The Scheme is administered by Trustees who are directors of CS First Boston Trustees Limited. They are advised by Sedgwick Noble Lowndes Limited who also act as actuaries. The Scheme is managed by Mercury Asset Management Limited.

An actuarial valuation is normally performed every three years, and the latest valuation was performed as at 1st January, 1994. The results of this valuation, which was performed using the projected unit credit valuation method, showed that the market value of the assets was £29,673,000 the actuarial value of which was sufficient to secure 118% of the liabilities of the Scheme based on projected accrued assets and final pensionable salaries. The main actuarial assumptions used were an investment rate of return of 9% pa, an increase in salaries of 7.5% pa, and no increase in plan benefits. The actuaries concluded that the Scheme continued to be in a sound financial position.

In accordance with the results of the valuation, an accrual rate of 7.6% of plan salaries has been used and contributions to the Scheme are made at a rate of 13.7% of plan salaries. The surplus is being spread over the remaining service lives of the eligible employees.