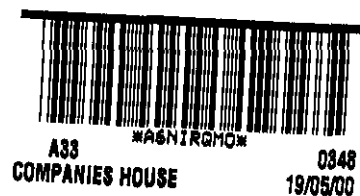


COMPANY NUMBER 621123

AXA Investment Managers UK Holdings Limited
(formerly AXA Sun Life Asset Management Limited)

DIRECTORS' REPORT AND ACCOUNTS
For the year ended 31 December 1999

REGISTERED OFFICE: 107 CHEAPSIDE, LONDON EC2V 6DU



AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

DIRECTORS' REPORT

DIRECTORS

D H Brydon (Chairman)

A K Haste

Ms V A Holmes

N J Stapleton

G M Wood

SECRETARY I D Richardson

AUDITORS PricewaterhouseCoopers

REPORT OF THE DIRECTORS

for the year ended 31 December 1999

The directors present their report and the accounts of the Company for the year ended 31 December 1999.

Review of Activities

The name of the Company was changed from AXA Sun Life Asset Management Limited to AXA Investment Managers UK Holdings Limited on 6 March 2000.

The Company acts as a holding company for subsidiaries which specialise in asset management ("the AXA Investment Managers UK Group").

Dividends

An interim dividend of £12,000,000 has been paid (1998: £5,500,000) and a final dividend £9,000,000 has been recommended (1998: £10,500,000).

Policy on payment of creditors

All trade purchases are dealt with through a subsidiary undertaking, AXA Investment Managers UK Services Limited.

Directors

The names of the directors of the Company at the date of this report appear above.

On 24 December 1999 Mr A K Haste was appointed a director of the Company and Mr A L Owen resigned from the Board of Directors. Mr R R J Barkshire resigned from the Board of Directors on 31 December 1999. Mr R J Gould resigned from the Board of Directors on 6 January 2000. On 13 March 2000 Ms V A Holmes and Mr N J Stapleton were appointed directors of the Company and Mr C S Cheetham resigned from the Board of Directors.

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)
DIRECTORS' REPORT (Continued)

Directors' Interests

According to the register kept under Section 325 of the Companies Act 1985, the interests of directors in the share capital of Sun Life and Provincial Holdings plc and AXA and their subsidiaries are shown below:

	Sun Life and Provincial Holdings plc				AXA	
	Ordinary Shares of £1 each				Shares of	
	Beneficially owned		Conditional interests		60 French Francs each	
	<u>At 1.1.99</u>	<u>At 31.12.99</u>	<u>At 1.1.99</u>	<u>At 31.12.99</u>	<u>At 1.1.99</u>	<u>At 31.12.99</u>
D H Brydon	Nil	Nil	Nil	Nil	144	144
C S Cheetham	Nil	Nil	Nil	Nil	144	470
G M Wood	Nil	26,871	Nil	25,862	144	2,144

Beneficially owned includes beneficial interests held in trust under the Sun Life and Provincial Holdings plc Long Term Incentive Plan ("LTIP") but excludes conditional interests under the plan. Further details of the LTIP are contained in the Report of the Remuneration Committee in the Report and Accounts of Sun Life and Provincial Holdings plc for the year ended 31 December 1999.

	Sun Life and Provincial Holdings plc			
	At 1 January 1999	During year		At 31 December 1999
	<u>Options to subscribe for Ordinary Shares</u>	<u>Options granted</u>	<u>Options exercised</u>	<u>Options to subscribe for Ordinary Shares</u>
C S Cheetham	57,186	Nil	Nil	57,186
A K Haste (appointed 24.12.99)	229,464 ¹	Nil	Nil	229,464
G M Wood	241,262	68,646	Nil	309,908

¹ Options held on appointment as a director of the Company

The options outstanding at 31 December 1999 are exercisable at varying dates between 29 October 2000 and 19 September 2009 at prices between 375.5 pence and 520 pence per share. Options (excluding Savings-Related Share Option Plan) may not normally be exercised unless the performance target has been met. The target requires that earnings per share over a three-year period have increased by at least 6 per cent more than the rate of inflation since the date of grant.

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

DIRECTORS' REPORT (Continued)

Directors' Interests (continued)

	At 1 January 1999	AXA		At 31 December 1999
	Options to subscribe	Options	Options	Options to subscribe
	<u>for Shares</u>	<u>granted</u>	<u>exercised</u>	<u>for Shares</u>
D H Brydon	25,000	12,000	Nil	37,000
C S Cheetham	15,000	Nil	Nil	15,000*
A K Haste (appointed 24.12.99)	10,500 ¹	Nil	Nil	10,500
G M Wood	35,000	12,000	5,000	42,000

* 1,250 of these options are only exercisable subject to performance criteria being met

¹ Options held on appointment as a director of the Company

The options outstanding at 31 December 1999 are exercisable at varying dates between 1 January 2000 and 17 November 2009 at prices between 268 French Francs and 859.24 French Francs.

	AXA Investment Managers			
	At 1 January 1999	During year		At 31 December 1999
	Options to subscribe	Options	Options	Options to subscribe
	<u>for Shares</u>	<u>granted</u>	<u>exercised</u>	<u>for Shares</u>
D H Brydon	31,381	Nil	Nil	31,381
C S Cheetham	19,026	Nil	Nil	19,026

The options outstanding at 31 December 1999 are exercisable at varying dates between 1 January 2000 and 30 June 2008 at prices between 658 French Francs and 1,022.89 French Francs.

Year 2000

The Company implemented a structured programme to minimise the impact of the Millennium date change on its operations. The programme covered internal business systems, properties and the external supplier chain.

No significant issues have arisen as a result of the Year 2000 date change. However, given the nature and scale of the problem, it is not yet possible for any organisation to be certain that it will not be affected by failures due to the Year 2000 date change, even when its own systems are fully compliant.

The total cost of compliance across the UK Group is disclosed in the Accounts of Sun Life and Provincial Holdings plc.

The Euro

All computer systems immediately affected by the introduction of the Euro on 1 January 1999 were Euro compliant before its introduction. No further material costs have been incurred during the year.

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

DIRECTORS' REPORT (Continued)

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board


I D Richardson

Secretary

8 May 2000

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The responsibilities of the auditors are set out in the audit report on page 6.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which show 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 for the financial year.

The directors consider that in preparing the accounts on pages 7 to 17 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The directors are required to be satisfied that it is appropriate to prepare accounts on a going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

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

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)
REPORT OF THE AUDITORS TO THE MEMBERS OF
AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED

We have audited the financial statements on pages 7 to 17 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 5, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

Basis of audit 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 the company's affairs as at 31 December 1999 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY
8 May 2000

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1999

	Note	1999 £	1998 £
Administrative expenses	2	(23,420)	(798,069)
Operating loss		(23,420)	(798,069)
Income from shares in group undertakings	3	23,555,039	21,926,737
Profit on ordinary activities before interest		23,531,619	21,128,668
Other interest receivable and similar income		58,234	140,492
Other interest payable and similar charges		(747)	(64,784)
Profit on ordinary activities before taxation		23,589,106	21,204,376
Tax on profit on ordinary activities	6	(2,396,080)	(4,161,440)
Profit on ordinary activities after taxation for the year		21,193,026	17,042,936
Interim dividend paid		(12,000,000)	(5,500,000)
Dividend proposed		(9,000,000)	(10,500,000)
Retained profit for the year		193,026	1,042,936
Retained profit brought forward		10,773,069	9,730,133
Retained profit carried forward		10,966,095	10,773,069

The results of the year are from continuing operations.

The notes on pages 11 to 17 form an integral part of these accounts.

There is no difference between the results as reported and the results that would have been reported on an unmodified historical cost basis. Accordingly no note of historical profits and losses has been included in these accounts.

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 1999

	1999 £	1998 £
Profit for the financial year	21,193,026	17,047,936
Unrealised surplus on revaluation of investments	<u>1,039,668</u>	<u>3,355,769</u>
Total recognised gains and losses for the financial year	<u>22,232,694</u>	<u>20,403,705</u>

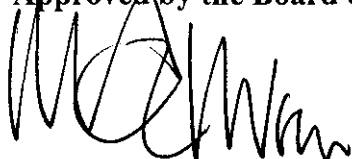
AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

BALANCE SHEET
at 31 December 1999

	Note	1999 £	1998 £
Fixed Asset Investments			
Shares in group undertakings	7	14,026,283	12,704,551
Current Assets			
Group relief receivable		439,700	490,625
Amounts owed by group undertakings		16,618,471	20,900,756
Other debtors		417	-
Cash at bank and in hand		1,548,980	789,046
		<u>18,607,568</u>	<u>22,180,427</u>
Creditors: Amounts falling due within one year			
Amounts due to group undertakings		(10,783,902)	(14,261,838)
Other creditors		(37,616)	(43,501)
		<u>7,786,050</u>	<u>7,875,088</u>
Net Current Assets			
		<u>7,786,050</u>	<u>7,875,088</u>
Net assets		<u>21,812,333</u>	<u>20,579,639</u>
Equity Shareholders' Funds			
Called up share capital	8	4,137,004	4,137,004
Investment reserve	9	6,709,234	5,669,566
Profit and loss account	9	10,966,095	10,773,069
		<u>21,812,333</u>	<u>20,579,639</u>

The notes on pages 11 to 17 form an integral part of these accounts.

Approved by the Board on 8 May 2000 and signed on its behalf by:



G M Wood
Director

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

CASH FLOW STATEMENT
for the year ended 31st December 1999

	Note	1999 £	1998 £
Net cash (outflow) from operating activities	11i)	(3,830,476)	(2,880,251)
Returns on investments and servicing of finance			
Bank interest received		52,525	65,620
Interest paid		(747)	(4,150)
Dividends received from group undertaking		24,055,870	20,500,000
Dividends paid to parent companies		(22,500,000)	(16,000,000)
Taxation			
Corporation tax		(6,805)	414,834
Acquisitions and disposals			
Receipts from the sale of investments		202,986	-
Additional investment in subsidiaries		(346,658)	(269,884)
Net cash (outflow)/inflow before financing		(2,373,305)	1,826,169
Financing			
Repayment of amounts borrowed		(1,730,176)	(2,660,000)
Receipt of amounts from subsidiaries		4,879,415	1,663,901
Amounts borrowed by subsidiaries		(16,000)	(470,850)
Increase in Cash	11ii)	<u><u>759,934</u></u>	<u><u>359,220</u></u>

The notes on pages 11 to 17 form an integral part of these accounts.

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

NOTES TO THE ACCOUNTS

1. Accounting Policies

The principal accounting policies are set out below. The policies remain unchanged from the previous year.

a) Basis of Accounting

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

b) Investments

Investments are included at cost or, in the case of unquoted investments, at a directors' valuation based on the net asset value of the company at the year end. Provision is made for any permanent impairment in value.

c) Deferred Taxation

Deferred taxation is calculated using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

d) Group Accounts

The Company is exempt from the requirement to prepare group accounts because its immediate parent company is established under the law of a member state of the European Community and prepares group accounts in its own right.

2. Administrative Expenses

The company is charged an administrative fee by the parent undertaking which includes staff costs. Included in administrative expenses is auditors' remuneration of £8,000 (1998: £3,000).

3. Income from Shares in Group Undertaking

	1999 £	1998 £
Profit on the sale of investments	171,553	-
Dividend income	23,383,486	-
	<u>23,555,039</u>	<u>-</u>

Profit on sale of investments has been derived from holdings in the Parallel Ventures Co-investment Plan during the year.

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

NOTES TO THE ACCOUNTS (continued)

4. Incentive Scheme and Bonuses

An Executive Deferred Incentive Scheme previously existed for the AXA IM UK Group covering senior executives and fund managers of AXA Investment Managers UK Limited (AXA IM UK).

This Scheme provided incentives based on the incremental profitability and overall fund performance of AXA IM UK.

As a result of the merger of the then AXA Sun Life Asset Management Ltd and AXA Equity & Law Investment Managers Ltd, 1997 was the last year of the operation of the scheme. However, as the scheme was designed to retain the service of scheme participants by making deferred payments, further distributions to participants will be made during 2000 and 2001.

Amounts appropriated under the Scheme were paid into discretionary trusts under the control of independent trustees. No payment has or will be made in respect of 1999 (1998: Nil). Payments totalling £603,820 (1998: £688,500) were made by the trustees to participants under the Scheme during 1999.

A provision of £1,807,000 has been made in respect of bonuses payable to senior executives and fund managers of AXA Investment Managers UK Limited.

5. Directors' Emoluments

	1999 £'000	1998 £'000
Aggregate emoluments	465	471

Under Schedule 6 of the Companies Act 1985, the aggregate emoluments includes emoluments received in respect of services to the Company and its subsidiary, AXA Investment Managers UK Limited.

Retirement benefits are accruing to 1 (1998: 1) director under a defined benefit scheme.

	1999 £'000	1998 £'000
Highest paid director		
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	424	431
Defined benefit pension scheme:		
Accrued pension at end of year	13	9

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

NOTES TO THE ACCOUNTS (continued)

6. Tax on Profit on Ordinary Activities.

	1999 £	1998 £
UK corporation tax at 30.25% (1998 31%)	(57,685)	336,792
Deferred taxation	-	(112,930)
Tax attributable to franked investment income	<u>(2,338,395)</u>	<u>(4,385,302)</u>
	<u>(2,396,080)</u>	<u>(4,161,440)</u>

7. Shares in Group Undertakings and Participating Interests

The company owns the whole of the ordinary share capital of the following companies, all of which are incorporated in Great Britain and registered in England and Wales. The principal activity of these companies is asset management except for AXA Investment Managers UK Services Limited and AXA Investment Managers UK Nominees Limited. AXA Investment Managers UK Services Limited provides services to group companies and AXA Investment Managers UK Nominees Limited is a nominee company.

AXA Real Estate Investment Managers UK Limited (formerly AXA Sun Life Properties Limited)

AXA Investment Managers UK Limited (formerly AXA Sun Life Investment Management Limited)

AXA Investment Managers UK Services Limited (formerly AXA Slam Services Limited)

AXA Investment Managers UK Nominees Limited (formerly AXA SLAM Nominees Limited)

AXA Equity & Law Investment Managers Limited
Marketlaser Limited

	£
Investments valued at net asset value as at 1 January 1999	12,704,551
Net movements in investments	282,064
Revaluation as at 31 December 1999	1,039,668
Investments valued at net asset value as at 31 December 1999	<u>14,026,283</u>

Cost of investments 1999: £7,317,049 (1998: £7,034,985)

The Company has £551,947 (1998: £269,883) investment in Parallel Ventures Co-investment Plan. Parallel Ventures Holdings Limited is an associated undertaking registered in England and Wales as described in note 13.

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

NOTES TO THE ACCOUNTS (continued)

8. Share Capital

	1999 £	1998 £
Authorised share capital:		
Authorised Ordinary A shares of £1 each	3,000,000	3,000,000
Authorised Ordinary B shares of £1 each	1,500,000	1,500,000
Authorised share capital at 31 December	<u>4,500,000</u>	<u>4,500,000</u>
Allotted, issued and fully paid:		
Ordinary A shares of £1 each	2,758,003	2,758,003
Ordinary B shares of £1 each	1,379,001	1,379,001
Allotted, issued and fully paid at 31 December	<u>4,137,004</u>	<u>4,137,004</u>

9. Reserves

	Investment Reserve £	Profit & Loss Account £
As at 1 January 1999	5,669,566	10,773,069
Retained profit for the year	-	193,026
Revaluation during the year	1,039,668	-
As at 31 December 1999	<u>6,709,234</u>	<u>10,966,095</u>

10. Reconciliation of movements in Shareholders' Funds

	1999 £	1998 £
Profit for the year	21,193,026	17,042,936
Dividends	(21,000,000)	(16,000,000)
	193,026	1,042,936
Other net recognised gains and losses relating to the year	1,039,668	3,355,769
Net additions to shareholders funds	1,232,694	4,398,705
Shareholders' funds as at 1 January	20,579,639	16,180,934
Shareholders' funds as at 31 December	<u>21,812,333</u>	<u>20,579,639</u>

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

NOTES TO THE ACCOUNTS (continued)

11. Notes to the cash flow statements

i) Reconciliation of operating loss to cash flow from operating activities

	1999 £	1998 £
Operating loss	(23,420)	(798,069)
(Increase) in debtors	(1,177,104)	(36,891)
(Decrease) in creditors	<u>(2,629,952)</u>	<u>(2,045,291)</u>
Net cash (outflow) from operating activities	<u>(3,830,476)</u>	<u>(2,880,251)</u>

ii) Analysis of changes in net debt

	At 1 Jan 1999 £	Cash Flow £	At 31 Dec 1999 £
Cash at bank and in hand	<u>789,046</u>	<u>759,934</u>	<u>1,548,980</u>

12. Immediate and ultimate Parent Companies

The Company is a 66.7% owned subsidiary of Sun Life and Provincial Holdings plc, a company incorporated in Great Britain and registered in England and Wales.

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France. The parent undertaking of the largest group which includes the company and for which group accounts are prepared is AXA. Copies of the group financial statements of AXA are available from that company at 23 avenue Matignon, 75008 Paris, France. The parent undertaking of the smallest group which includes the company and for which group financial statements are prepared is Sun Life and Provincial Holdings plc. Copies of the group financial statements of Sun Life and Provincial Holdings plc are available from that company's registered office at 107 Cheapside, London, EC2V 6DU.

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED
(formerly AXA SUN LIFE ASSET MANAGEMENT LIMITED)

NOTES TO THE ACCOUNTS (continued)

13. Related Party Transactions

Wholly owned subsidiary undertakings have taken the exemption under FRS 8 not to disclose transactions between entities within the AXA Investment Managers UK Group.

AXA group companies provide advice to subsidiaries, including the Company and its subsidiaries, on such matters as human resources, training, communications, treasury, mergers and acquisitions. The charges to Sun and Provincial Holdings plc and its subsidiaries for these resources are calculated on an arms-length basis and are subject to the approval of the independent non-executive directors of Sun Life and Provincial Holdings plc. The total cost incurred in 1999 by the SLPH group amounted to £3.9m (1998: £3.3m). Charges for IT advice, on a similar basis and subject to the same controls, will also be made. A provision of £3.6m (1998: £1.1m) has been made by Sun Life and Provincial Holdings plc in respect of the charge for IT advice during 1999. In addition, AXA Investment Managers SA provides investment research and inventory management services directly to the AXA Investment Managers UK Group on a similar basis and subject to the same controls. The total cost incurred in 1999 amounted to £2.9m (1998: £1.5m).

The invested assets of Sun Life and Provincial Holdings plc are largely managed by the Company and its subsidiaries, which are 66.7% owned by Sun Life and Provincial Holdings plc and 33.3% owned by AXA Investment Managers SA through its wholly owned subsidiary, AXA Asset Management Limited.

The terms of the management agreements were agreed by the appointed actuaries of the relevant Long Term Business Funds, after taking independent advice. Fees for investment management services in 1999 amount to £56.5m (1998: £48.0m).

Following the decision by some of the Company's life company customers to divert a greater proportion of investments into non-listed companies, a new venture capital structure was created in 1997. In this structure, the Company holds a 25% interest in Parallel Ventures Holdings Limited ("PVHL"), through which the Group's assets in the venture capital structure are managed. Suntrust Limited which is a subsidiary in the AXA Sun Life group and acting as trustee for the Paul Whitney Retirement Benefit Scheme, holds the remaining 75%. Under the Articles of Association of PVHL, there are certain actions that cannot be undertaken without prior consent given by the Company.

AXA INVESTMENT MANAGERS UK HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

13. Related Party Transactions (continued)

On 10 April 1998, the Company entered into a shareholders agreement with Suntrust Limited and PVHL relating to PVHL. Under this agreement, the Company has a Call Option to acquire the remaining issued share capital of the Company upon the occurrence of certain events.

In 1997, the Company offered a £1 million loan facility to PVHL. £100,000 of this loan facility was drawn down in March 1998 and repaid in October 1999. £16,000 of this loan facility was drawn down in October 1999. Interest of 1.5% above LIBOR is chargeable on amounts drawn down by PVHL.