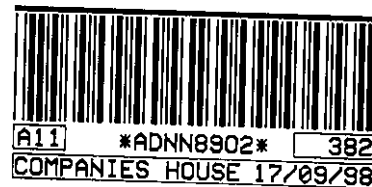


ALFRED BERG UK LTD.

Registered N°2416661

Alfred Berg UK Limited

**Report and Financial Statements
For the year ended 31 December 1997**



**Report and Financial Statements
For the year ended 31 December 1997**

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Report of the Directors

The directors present their report and the financial statements for the year ended 31 December 1997

The financial statements are presented in Swedish Kroner (SEK). The exchange rate with sterling at 31 December 1997 was 13.051 SEK - £ (1996 : 11.614 SEK - £).

Principal activities

The Company is regulated by The Securities and Futures Authority and is classified as a Category A ISD Firm.

The Company deals in Nordic and Russian securities for institutional investors and provides corporate finance services.

Business review

The Nordic stock markets again rose strongly in 1997. This was accompanied by high trading volumes and an increase in interest from institutional investors. Capital market activity may be described as comprising more transactions but of typically lower value.

Total commission income increased to SEK 317 million (1996 SEK 241 million) of which 42% was derived from dealing in Swedish equities, 22% was from Norwegian equities, 21% from Danish equities, 14% from Finnish equities and 1% from Russian equities which only began operations in mid 1997.

We continued to issue an increasing number of written research publications in 1997 and were ranked once more as the leading broker in Nordic equities by Extel, Institutional Investor, Euromoney and Greenwich Associates.

On 3 February 1998 ABN AMRO the ultimate parent company of Alfred Berg UK Ltd announced that it would take steps to integrate the equity business of Alfred Berg UK Ltd and its sister subsidiary Alfred Berg Inc. more fully with its other European equity businesses.

Results and dividends

The result for the year stated in Swedish Kroner is set out in the profit and loss account on page 6.

Report of the Directors (continued)

Personnel

At 31 December 1997 the Company employed 47 people, at 31 December 1996 the company employed 39 people.

Directors

The directors who held office during the year ended 31 December 1997 or have been appointed since were as follows :

Harry Klagsbrun (Chairman)

Edward Plumbly

Lars Wedenborn

Claus Gregersen

Appointed 4 March 1997

Resigned 16 April 1997

Directors' interests

The directors of the Company who held office during the year ended 31 December 1997 had no interests in the shares of the Company.

The Company being a subsidiary of a company incorporated outside Great Britain, the directors are not required to notify the company of interests in shares of that or any other company incorporated outside Great Britain.

Charitable donations

The company made charitable donations totalling £ 6,612 during the year.

Report of the Directors (continued)

Statement of directors' responsibilities

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 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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 financial statements 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.

Auditors

On 3 April 1998 Ernst & Young were appointed as auditors to the Company and have indicated their willingness to continue in office.

BY ORDER OF THE BOARD



Edward Plumbly

Secretary

9 March 1998

ALFRED BERG UK LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ALFRED BERG
UK LTD

We have audited the financial statements on pages 6 to 17.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

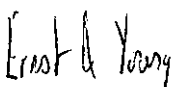
BASIS OF OPINION

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 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 at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants and Registered Auditors
London
9 March 1998

Profit and loss account
For the year ended 31 December 1997

	Note	1997	1996
		SEK	SEK
Turnover	2	360,603,979	261,798,587
Staff costs	4	(199,149,334)	(136,301,105)
Other operating costs		(143,040,186)	(97,676,872)
Operating profit/(loss)		18,414,459	27,820,610
Interest receivable	7	5,774,429	6,182,578
Interest payable	8	(3,235,129)	(889,379)
Profit/(loss) on ordinary activities before taxation	3	20,953,759	33,113,809
Taxation charge/(credit)	9	15,819,799	8,012,435
Profit/(loss) on ordinary activities after taxation		5,133,960	25,101,374
Dividends		-	10,000,000
Retained profit for the year	15	5,133,960	15,101,374

All the above results are derived from continuing activities.

The company had no recognised gains or losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

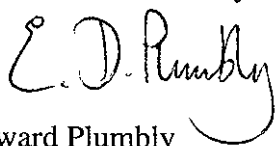
There is no difference between the profit on ordinary activities before taxation and the retained profit stated above, and their historical cost equivalents.

The accompanying principal accounting policies and notes are an integral part of the financial statements.

Balance sheet
As at 31 December 1997

		1997	1996
	Note	SEK	SEK
Fixed Assets			
Tangible fixed assets	10	-	-
Current assets			
Debtors	11	1,293,988,999	429,661,252
Investments	12	-	8,445,389
Cash in hand and at bank		223,642,623	101,968,596
		<u>1,517,631,622</u>	<u>540,075,237</u>
Creditors - Amounts falling due within one year	13	<u>(1,443,641,883)</u>	<u>(471,219,458)</u>
Net current assets		<u>73,989,739</u>	<u>68,855,779</u>
Total assets less current liabilities		<u>73,989,739</u>	<u>68,855,779</u>
Net Assets		<u>73,989,739</u>	<u>68,855,779</u>
Capital and reserves			
Called up share capital	14	67,500,021	67,500,021
Profit and loss account	15	6,489,718	1,355,758
Shareholders' funds	16	<u>73,989,739</u>	<u>68,855,779</u>
Equity interests		53,989,739	48,855,779
Non-equity interests		20,000,000	20,000,000
		<u>73,989,739</u>	<u>68,855,779</u>

The financial statements on pages 6 to 17 were approved by the Board of Directors and signed on its behalf by:



Edward Plumbly

Director

9 March 1998

The accompanying principal accounting policies and notes are an integral part of the financial statements.

Notes to the financial statements
For the year ended 31 December 1997

1 Accounting policies

(a) Basis of accounting

The financial statements have been prepared on a going concern basis in Swedish Kroner (SEK). With the exception of the valuation of long and short positions in securities the financial statements have been prepared on the historical cost basis of accounting and in accordance with applicable United Kingdom accounting standards. The principal accounting policies, which have been consistently applied, are set out below.

(b) Turnover

Turnover comprises gross commissions, profits less losses arising from dealing in securities and positions held in securities together with related dividends receivable and allocations of group corporate finance fees and other fees.

(c) Foreign currencies

- (i) Balances to be settled in foreign currencies are translated into Swedish Kroner at the rates of exchange ruling at the balance sheet date.
- (ii) Commission and other income and expenses received and paid in foreign currencies are recognised in the profit and loss account at the rate of exchange ruling on the day in which they were earned or incurred.
- (iii) Corporate finance fees receivable in foreign currencies are recognised in the profit and loss account at the rates of exchange ruling at the balance sheet date.

(d) Leases

Operating lease rentals are written off as incurred.

Notes to the financial statements (continued)
For the year ended 31 December 1997

(e) Deferred taxation

Provision is made where material for the liability to corporation tax which may arise in the foreseeable future from the allocation of items of income and expenditure to different periods for taxation and accounting purposes. Deferred tax assets are not recognised unless they are considered to be recoverable with reasonable certainty.

(f) Investments

Investments listed on a Recognised Exchange are shown at their market value at the balance sheet date. Other investments are shown at a valuation at the balance sheet date determined by the directors.

Where the company effects client orders by executing more than one transaction with counterparties to fulfil the order, the partially executed orders are not treated as investments, since the price risk in relation to such investments has passed to the client.

(g) Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of the tangible fixed assets, less their residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The economic lives used for this purpose are:

Office machinery, fixtures and fittings	The year of purchase
Computer equipment	The year of purchase

(h) Cash flow statements

As a wholly owned subsidiary of a parent which prepares consolidated financial statements in which the company is included and which are publicly available, the company takes advantage of the exemption provided by Financial Reporting Statement 1 (revised) and has not prepared a cash flow statement.

Notes to the financial statements (continued)
For the year ended 31 December 1997

(i) Related party disclosures

As a wholly owned subsidiary of an intermediate and ultimate parent which prepare consolidated financial statements in which the company is included and which are publicly available the company has taken advantage of the exemption provided by Financial Reporting Statement 8 and not disclosed certain related party transactions with group entities.

2 Turnover

	1997 SEK	1996 SEK
Commission	316,888,921	241,270,646
Corporate finance fees	5,279,880	
Group revenue:		
Corporate finance fees	32,686,229	14,941,352
Other group revenue	5,748,949	5,586,589
	<u>360,603,979</u>	<u>261,798,587</u>

3 Profit on ordinary activities before taxation

	1997 SEK	1996 SEK
Profit on ordinary activities before taxation is arrived at after charging/ (crediting):		
• Depreciation	831,939	2,493,859
• Foreign currency (gains)/losses	(491,606)	(851,039)
• Rentals under operating leases		
- hire of plant and machinery	7,090	54,535
- other	5,963,521	4,748,926
• Auditors' remuneration for audit services	319,485	232,280
• Auditors' remuneration for non-audit services	412,715	884,352

Notes to the financial statements (continued)
For the year ended 31 December 1997

4 Staff costs

The average weekly number of persons, including executive directors, employed by the Company was:

	1997	1996
	Number	Number
Sales, traders, analysts, corporate finance, settlement and administration staff	44	36
	<u> </u>	<u> </u>

The cost incurred in respect of all employees including directors was:

	1997	1996
	SEK	SEK
Wages and salaries	178,724,155	122,783,194
Social security costs	17,917,510	11,707,886
Pension contributions	2,150,951	1,593,092
Other staff costs	356,718	216,933
	<u>199,149,334</u>	<u>136,301,105</u>
	<u> </u>	<u> </u>

Wages and salaries and social security costs include amounts of SEK 127,272,727 (1996: SEK 96,021,779) and SEK 12,727,273 (1996: SEK 8,978,221) respectively relating to a bonus declared for the year ended 31 December 1997.

Notes to the financial statements (continued)
For the year ended 31 December 1997

5 Directors' remuneration

	1997 £	1996 £
Remuneration in respect of directors was as follows:		
Pension contributions	-	12,778
Compensation for loss of office	-	698,568
Other emoluments	892,372	2,135,219
	<u>892,372</u>	<u>2,846,565</u>
Directors' remuneration (excluding pension contributions) includes amounts paid to:		
Chairman	-	-
Highest paid director	891,225	2,833,787

6 Pension costs

The Company does not operate its own pension scheme but makes defined contributions to the individual private pension schemes of employees (including directors). These contributions amounted to SEK 2,150,951 (1996: SEK 1,593,092) during the year.

7 Interest receivable

	1997 SEK	1996 SEK
On short term deposits		
Group	4,137,125	5,676,580
Other	1,637,304	505,998
	<u>5,774,429</u>	<u>6,182,578</u>

Notes to the financial statements (continued)
For the year ended 31 December 1997

8 Interest payable

	1997	1996
	SEK	SEK
On overdrafts repayable within five years, not by instalments		
Group	2,547,105	687,210
Other	688,024	202,169
	<u>3,235,129</u>	<u>889,379</u>

9 Taxation charge/(credit)

	1997	1996
	SEK	SEK
United Kingdom corporation tax at 31.5%:		
Current	15,819,799	8,012,435
	<u>15,819,799</u>	<u>8,012,435</u>

The taxation charge is stated without taking into account short term timing differences for which no deferred tax asset has been recognised.

10 Tangible fixed assets

As at 31 December 1997 and at 31 December 1996 tangible fixed assets at cost and net book value were nil as, in accordance with the Company's accounting basis adopted in previous years, expenditures have been fully depreciated during the year of purchase.

Notes to the financial statements (continued)
For the year ended 31 December 1997

11 Debtors

	1997 SEK	1996 SEK
Amounts falling due within one year:		
Trade debtors	595,668,437	216,070,237
Amounts owed by:		
Parent company	192,345	-
Fellow subsidiary undertakings	691,534,161	207,651,345
Other debtors	841,422	525,953
Prepayments	3,252,634	2,913,717
Advance corporation tax recoverable	2,500,000	-
	<u>1,293,988,999</u>	<u>427,161,252</u>
Amounts falling due after more than one year		
Advance corporation taxation recoverable	-	2,500,000
	<u>1,293,988,999</u>	<u>429,661,252</u>

12 Current asset investments

	1997 SEK	1996 SEK
Investments not listed on a recognised exchange	-	8,445,389
	<u>-</u>	<u>8,445,389</u>

Notes to the financial statements (continued)
For the year ended 31 December 1997

13 Creditors

	1997 SEK	1996 SEK
Amounts falling due within one year:		
Bank overdrafts	78,411,505	-
Trade creditors	363,455,376	141,767,352
Amounts owed to parent company	3,353,700	4,755,109
Amounts owed to fellow subsidiary undertakings	840,814,709	213,782,227
Corporation taxation :		
Payable 30 September 1998	15,953,095	8,012,435
Advance corporation taxation	-	2,500,000
Other taxation and social security	15,179,493	22,670,348
Other creditors	124,090,909	65,679,259
Accruals	2,383,096	2,052,728
Dividends payable		10,000,000
	<u>1,443,641,883</u>	<u>471,219,458</u>

14 Share capital

	1997 SEK	1996 SEK
Authorised share capital :		
2 £1 'A' ordinary	21	21
100,000,000 SEK 1 'B' ordinary	<u>100,000,000</u>	<u>100,000,000</u>
20,000,000 SEK 1 redeemable ordinary	<u>20,000,000</u>	<u>20,000,000</u>
Allotted, called up and fully paid shares:		
2 £1 'A' ordinary	21	21
47,500,000 SEK 1 'B' ordinary	47,500,000	47,500,000
20,000,000 SEK 1 redeemable ordinary	<u>20,000,000</u>	<u>20,000,000</u>
	<u>67,500,021</u>	<u>50,000,021</u>

Notes to the financial statements (continued)
For the year ended 31 December 1997

Each class of share carries the same voting rights and rights to dividends.

The redeemable shares of SEK 1 each are redeemable at the option of the shareholders or the company from 15 September 1994 subject to the approval of the Securities and Futures Authority Limited in certain circumstances. There is no premium on redemption.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution are to be applied, in priority to other classes of share capital, in paying the redeemable shareholders the amounts paid up on the redeemable shares held by them and any arrears or deficiency of dividends payable on those shares. In such circumstances the redeemable shares do not confer any further rights of participation in the profits or assets of the company.

15 Profit and loss account

	1997 SEK	1996 SEK
Balance at 1 January	1,355,758	(13,745,616)
Retained profit for the year	5,133,960	15,101,374
Balance at 31 December	<u>6,489,718</u>	<u>1,355,758</u>

16 Reconciliation of movement in shareholders' funds

	1997 SEK	1996 SEK
Balance at 1 January	68,855,779	36,254,405
Issue of share capital	-	17,500,000
Retained profit for the year	5,133,960	15,101,374
Balance at 31 December	<u>73,989,739</u>	<u>68,855,779</u>

Notes to the financial statements (continued)
For the year ended 31 December 1997

17 Financial commitments

At 31 December 1997 the Company had annual commitments under operating leases as set out below:

	Land and Buildings	Office Equipment	Total
	SEK	SEK	SEK
Expiring within one year	-	-	-
Expiring between two and five years	-	-	-
Expiring in over five years	7,311,479	-	7,311,479
	<u>7,311,479</u>	<u>-</u>	<u>7,311,479</u>

18 Ultimate parent company

The Company's immediate parent company is Alfred Berg Holding AB which is incorporated in Sweden and holds 100% of the share capital of the company.

The Company's ultimate parent company is ABN AMRO Holding N.V which is incorporated in the Netherlands. Copies of the ultimate parent company's financial statements may be obtained from ABN AMRO Holding N.V., Foppingadreef 22, 1102 BS Amsterdam, The Netherlands.

19 Subsequent Events

On 3 February 1998 ABN AMRO the ultimate parent company of Alfred Berg UK Ltd announced that it would take steps to integrate the equity business of Alfred Berg UK Ltd and its sister subsidiary Alfred Berg Inc. more fully with its other European equity businesses.