

Alfred Berg UK Limited

Registered No. 2416661

DIRECTORS

Claus Gregersen (Chairman)
Nicholas Bannister
Hein Coolen
Edward Plumbly

SECRETARY

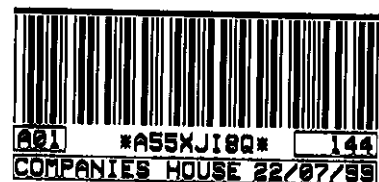
Edward Plumbly

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

REGISTERED OFFICE

85 London Wall
London
EC2M 7BU



Alfred Berg UK Limited

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 1998.

The financial statements are presented in Swedish Kroner (SEK). The exchange rate with sterling at 31 December 1998 was 13.477 SEK - £ (1997 - 13.051 SEK - £).

RESULTS AND DIVIDENDS

The result for the year stated in Swedish Kroner is set out in the profit and loss account on page 7. A dividend of SEK 60 million has been recommended.

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 securities for institutional investors and until 30 November 1998 provided corporate finance services.

BUSINESS REVIEW

For those Nordic countries within the EU, stock markets continued to develop favourably and accordingly interest from international institutions was buoyant. In contrast the Norwegian stock market affected by the decline in the oil price and high interest rates had one of its worst years ever. Capital markets activity was in line with previous years though with a switch away from Norway in line with the above. Given this our further increase in revenues may be regarded as highly satisfactory.

Total commission income increased to SEK 383 million (1997 - SEK 317 million) of which 46% was derived from dealing in Swedish equities, 14% was from Norwegian equities, 20% from Danish equities and 20% from Finnish equities.

The Group continued to issue an increasing number of written research publications in 1998 and Alfred Berg was once more rated by international investors as the leading broker in Nordic equities by Extel, Institutional Investor, Euromoney and Greenwich Associates.

In May 1998 the ownership of Alfred Berg UK Limited was transferred within the ABN AMRO Group from Alfred Berg Holding AB to ABN AMRO Investment Sweden AB a company wholly owned by the ABN AMRO Group.

As part of this process the corporate finance business and the editorial function was transferred to the UK Branch of Alfred Berg Fondkommission AB which is wholly owned by Alfred Berg Holding AB.

PERSONNEL

At 31 December 1998 the company employed 33 people, at 31 December 1997 the company employed 47 people, the reduction relates to the transfer of corporate finance and editorial employees to the Branch as mentioned above.

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in event that there is a failure by other parties to remedy their own year 2000 issues.

DIRECTORS' REPORT

YEAR 2000 COMPLIANCE (continued)

A company-wide programme, designed to address the impact of the Year 2000 on our business, has been commissioned by the Board and is under way. Resources have been allocated and the Board receives regular reports on progress.

A significant risk analysis has been performed to determine the impact of the issue on all our activities. From this, prioritised action plans have been developed which are designed to address the key risks in advance of critical dates and without disruption to the underlying business activities. Priority is given to those systems which could cause a significant financial or legal impact on the company's business if they were to fail. The plan also includes a requirement for the testing of system changes, involving the participation of users.

The risk analysis also considers the impact on our business of Year 2000 related failures by our significant suppliers and customers. In appropriate cases we have initiated formal communication with these other parties.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However the Board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

The cost of implementing our action plan has already been incurred, any amounts remaining are insignificant.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year ended 31 December 1998 were as follows:

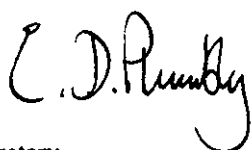
Claus Gregersen (Chairman)	(appointed 1 October 1998)
Nicholas Bannister	(appointed 28 May 1998)
Hein Coolen	(appointed 28 May 1998)
Edward Plumbly	
Carl Diedric Hamilton	(appointed 28 May 1998, resigned 25 September 1998)
Harry Klagsbrun	(resigned 29 May 1998)
Lars Wedenborn	(resigned 29 May 1998)

The directors of the company who held office during the year ended 31 December 1998 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 £8,352 during the year.



Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS

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; and
- 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.

REPORT OF THE AUDITORS
to the members of Alfred Berg UK Limited

We have audited the financial statements on pages 7 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

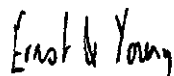
Basis of opinion

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 affairs of the company as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

Alfred Berg UK Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	Notes	1998 SEK	1998 SEK	1997 SEK
TURNOVER	2			
- Continuing operations		389,521		322,638
- Discontinued operations		34,011		37,966
			423,532	360,604
Staff costs	4		(195,016)	(199,149)
Other operating costs			(133,503)	(143,040)
OPERATING PROFIT				
- Continuing operations		93,532		22,658
- Discontinued operations		1,481		(4,243)
			95,013	18,415
Interest receivable	7		10,642	5,774
Interest payable	8		(8,011)	(3,235)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3		97,644	20,954
Taxation charge	9		(33,265)	(15,820)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			64,379	5,134
Dividends	10		(60,000)	-
RETAINED PROFIT FOR THE YEAR	16		4,379	5,134

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.

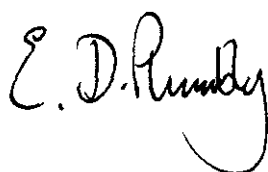
There is no difference between the profit on ordinary activities before taxation and the retained profit stated above, and their historical cost equivalents.

Alfred Berg UK Limited

BALANCE SHEET at 31 December 1998

	Notes	1998 SEK 000	1997 SEK 000
CURRENT ASSETS			
Debtors	11	362,974	1,293,989
Investments	12	179	-
Cash in hand and at bank	13	241,034	223,643
		<u>604,187</u>	<u>1,517,632</u>
CREDITORS: amounts falling due within one year	14	(499,738)	(1,423,482)
NET CURRENT ASSETS		<u>104,449</u>	<u>94,150</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>104,449</u>	<u>94,150</u>
CREDITORS: amounts falling due after more than one year	14	(26,080)	(20,160)
NET ASSETS		<u>78,369</u>	<u>73,990</u>
CAPITAL AND RESERVES			
Called up share capital	15	67,500	67,500
Profit and loss account	16	10,869	6,490
SHAREHOLDERS' FUNDS	17	<u>78,369</u>	<u>73,990</u>

Director



NOTES TO THE FINANCIAL STATEMENTS
at 31 December 1998

1. ACCOUNTING POLICIES

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.

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.

Foreign currencies

Balances to be settled in foreign currencies are translated into Swedish Kroner at the rates of exchange ruling at the balance sheet date.

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.

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.

Leases

Operating lease rentals are written off as incurred.

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.

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.

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

Alfred Berg UK Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 1998

1. ACCOUNTING POLICIES (continued)

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.

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.

Prior year balances

The 1997 figures have been restated in order to provide a consistent classification with the current year.

2. TURNOVER

	1998 SEK 000	1997 SEK 000
Commission	382,730	316,889
Corporate finance fees	613	5,280
Group revenue:		
Corporate finance fees	33,398	32,686
Other group revenue	6,791	5,749
	<u>423,532</u>	<u>360,604</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998 SEK 000	1997 SEK 000 (restated)
Profit on ordinary activities before taxation is arrived at after charging/(crediting):		
Depreciation	1,145	832
Foreign currency (gains)	(5,509)	(492)
Rentals under operating leases		
- hire of plant and machinery	-	7
- other	6,167	5,964
Auditors' remuneration for audit services	383	319

1997 figures have been restated in order to provide a consistent classification of items of expenditure.

4. STAFF COSTS

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

	1998 No.	1997 No.
Sales, traders, analysts, corporate finance, settlement and administration staff	<u>44</u>	<u>44</u>

Alfred Berg UK Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1998

4. STAFF COSTS (continued)

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

	1998 SEK 000	1997 SEK 000
Wages and salaries	175,328	178,724
Social security costs	17,128	17,917
Pension contributions	2,160	2,151
Other staff costs	400	357
	<u>195,016</u>	<u>199,149</u>

Wages and salaries and social security costs include amounts of SEK 124,978,182 (1997: SEK 127,272,727) and SEK 12,497,818 (1997: SEK 12,727,273) respectively relating to a bonus declared for the year ended 31 December 1998.

5. DIRECTORS' REMUNERATION

	1998 £000	1997 £000
Remuneration in respect of directors was as follows:		
Pension contributions	—	—
Compensation for loss of office	—	—
Other emoluments	814	892
	<u>814</u>	<u>892</u>
Directors' remuneration (excluding pension contributions) includes amounts paid to:		
Highest paid director	813	891

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 2,159,800 (1997: SEK 2,150,951) during the year.

7. INTEREST RECEIVABLE

	1998 SEK 000	1997 SEK 000
On short term deposits:		
Group	9,057	4,137
Other	1,585	1,637
	<u>10,642</u>	<u>5,774</u>

Alfred Berg UK Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1998

8. INTEREST PAYABLE

	1998 SEK 000	1997 SEK 000
On overdrafts repayable within five years, not by instalments:		
Group	5,142	2,547
Other	2,869	688
	<u>8,011</u>	<u>3,235</u>

9. TAXATION CHARGE

	1998 SEK 000	1997 SEK 000
United Kingdom corporation tax at 31%:		
Current	33,265	15,820
	<u>33,265</u>	<u>15,820</u>

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

10. DIVIDENDS

	1998 SEK 000	1997 SEK 000
Final proposed	60,000	—
	<u>60,000</u>	<u>—</u>

11. DEBTORS

	1998 SEK 000	1997 SEK 000
Amounts falling due within one year:		
Trade debtors	88,414	595,669
Amounts owed by:		
Parent company	—	192
Fellow subsidiary undertakings	270,776	691,534
Other debtors	270	841
Prepayments	3,514	3,252
Advance corporation tax recoverable	—	2,500
	<u>362,974</u>	<u>1,293,989</u>
Amounts falling due after more than one year		
Advance corporation taxation recoverable	—	—
	<u>362,974</u>	<u>1,293,989</u>

12. CURRENT ASSET INVESTMENTS

	1998 SEK 000	1997 SEK 000
Investments not listed on a recognised exchange	179	—
	<u>179</u>	<u>—</u>

Alfred Berg UK Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1998

13. CASH IN HAND AND AT BANK

The company has net cash balances of SEK 142,663,841 (1997 - SEK 55,028,242) with its ultimate parent company ABN AMRO Bank N.V. Stockholm Branch.

14. CREDITORS

	1998 SEK 000	1997 SEK 000
Amounts falling due within one year:		
Bank overdrafts	21,613	78,412
Trade creditors	94,963	363,455
Amounts owed to parent company	—	3,354
Amounts owed to fellow subsidiary undertakings	141,976	840,815
Corporation tax creditor	35,521	15,953
Other taxation and social security	18,782	15,179
Other creditors	121,148	103,931
Accruals	5,735	2,383
Dividends payable	60,000	—
	<u>499,738</u>	<u>1,423,482</u>

	1998 SEK 000	1997 SEK 000
Amounts falling due after more than one year:		
Other creditors	<u>26,080</u>	<u>20,160</u>

15. SHARE CAPITAL

	1998 SEK 000	1997 SEK 000
Authorised share capital:		
2 £1 'A' ordinary	—	—
100,000,000 SEK 1 'B' ordinary	<u>100,000</u>	<u>100,000</u>
20,000,000 SEK 1 redeemable ordinary	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid shares:		
2 £1 'A' ordinary	—	—
47,500,000 SEK 1 'B' ordinary	<u>47,500</u>	<u>47,500</u>
20,000,000 SEK 1 redeemable ordinary	<u>20,000</u>	<u>20,000</u>
	<u>67,500</u>	<u>67,500</u>

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.

Alfred Berg UK Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1998

16. PROFIT AND LOSS ACCOUNT

	1998 SEK 000	1997 SEK 000
Balance at 1 January	6,490	1,356
Retained profit for the year	4,379	5,134
Balance at 31 December	10,869	6,490

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1998 SEK 000	1997 SEK 000
Balance at 1 January	73,990	68,856
Issue of share capital	—	—
Retained profit for the year	4,379	5,134
Balance at 31 December	78,369	73,990

18. FINANCIAL COMMITMENTS

At 31 December 1998 the company had annual commitments under operating leases as set out below:

	Land and buildings SEK 000	Total SEK 000
Expiring within one year		
Expiring between two and five years		
Expiring in over five years	7,705	7,705
	7,705	7,705

19. ULTIMATE PARENT COMPANY

The company's immediate parent company is ABN AMRO Investment Sweden 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 Holdings N.V., Foppingadreef 22, 1102 BS Amsterdam, The Netherlands.