

Registered N°2416661

Alfred Berg UK Limited

**Report and Financial Statements
For the year ended 31 December 1996**



**Report and Financial Statements
For the year ended 31 December 1996**

CONTENTS	PAGE
Report of the directors	1 - 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7-17

ALFRED BERG UK LTD.**Report of the Directors**

The directors present their report and the financial statements for the year ended 31 December 1996.

The financial statements are presented in Swedish Kroner (SEK). The exchange rate with sterling at 31 December 1996 was 11.614 SEK - £ (1995 : 10.281 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 securities for institutional investors and provides corporate finance services.

Business review

The Nordic stock markets rose strongly in 1996. This was accompanied by high trading volumes, and continued increase in interest from institutional investors and intense capital market activity, in short an ideal background for our business , of which we took full advantage.

Total commission income increased to SEK 241 million (1995 SEK 179 million) of which 50% was derived from dealing in Swedish equities, 21% was from Norwegian equities, 16% from Danish equities and 13% from Finnish equities.

We continued to issue an increasing number of written research publications in 1996 and were ranked as the leading broker in Scandinavian equities by Extel, Institutional Investor, Euromoney and Greenwich Associates.

Results and dividends

The result for the year stated in Swedish Kroner is set out in the profit and loss account on page 5. The directors recommend the payment of a dividend of SEK 0.1481 per share, amounting to SEK 10 million.

ALFRED BERG UK LIMITED**Report of the Directors (continued)****Personnel**

At 31 December 1996 the Company employed 39 people of whom 18 worked in the front office. At 31 December 1995 the company employed 30 people.

Directors

The directors who held office during the year ended 31 December 1996 or have been appointed since were as follows :

Harry Klagsbrun (Chairman)	Appointed	9 May 1996
Carl-Diedric Hamilton (Chairman)	Resigned	9 May 1996
Edward Plumbly	Appointed	1 January 1997
Claus Gregersen	Resigned	31 December 1996
	Re-appointed	4 March 1997
Lars Wedenborn		
Jan Andersson	Resigned	28 May 1996

Directors' interests

The directors of the Company who held office during the year ended 31 December 1996 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 £ 3,672 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:

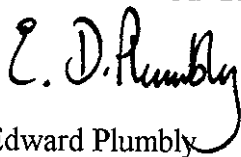
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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

Coopers & Lybrand have indicated their willingness to continue in office.

BY ORDER OF THE BOARD



Edward Plumbly

Secretary

6 March 1997

ALFRED BERG UK LIMITED**Report of the auditors
to the shareholders of Alfred Berg UK Ltd.**

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

As described on page 3, 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.

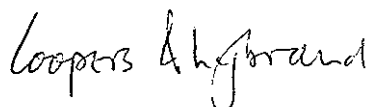
Basis of opinion

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 1996 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
6 March 1997

ALFRED BERG UK LIMITED
Profit and loss account
For the year ended 31 December 1996

	Note	1996 SEK	1995 SEK
Turnover	2	261,798,587	184,315,556
Staff costs	4	(136,301,105)	(114,852,242)
Other operating costs		(97,676,872)	(99,088,657)
Operating profit/(loss)		27,820,610	(29,625,343)
Interest receivable		6,182,578	6,139,541
Interest payable	7	(889,379)	(292,915)
Profit/(loss) on ordinary activities before taxation	3	33,113,809	(23,778,717)
Taxation charge/(credit)	8	8,012,435	(5,740,861)
Profit/(loss) on ordinary activities after taxation		25,101,374	(18,037,856)
Dividends	9	10,000,000	-
Retained profit/(loss) for the year	15	15,101,374	(18,037,856)

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.

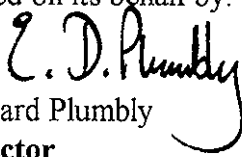
There is no difference between the profit on ordinary activities before taxation and the retained profit stated above, and their historical cost equivalents.

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

ALFRED BERG UK LIMITED**Balance sheet
As at 31 December 1996**

	Note	1996 SEK	1995 SEK
Fixed Assets			
Tangible fixed assets	10	-	-
Current assets			
Debtors	11	429,661,252	217,738,745
Investments	12	8,445,389	7,577,513
Cash in hand and at bank		101,968,596	73,082,409
		<u>540,075,237</u>	<u>298,398,667</u>
Creditors - Amounts falling due within one year	13	(471,219,458)	(262,144,262)
Net current assets		<u>68,855,779</u>	<u>36,254,405</u>
Total assets less current liabilities		<u>68,855,779</u>	<u>36,254,405</u>
Net Assets		<u><u>68,855,779</u></u>	<u><u>36,254,405</u></u>
Capital and reserves			
Called up share capital	14	67,500,021	50,000,021
Profit and loss account	15	1,355,758	(13,745,616)
Shareholders' funds	16	<u><u>68,855,779</u></u>	<u><u>36,254,405</u></u>
Equity interests		<u>48,855,779</u>	<u>16,254,405</u>
Non-equity interests		<u>20,000,000</u>	<u>20,000,000</u>
		<u><u>68,855,779</u></u>	<u><u>36,254,405</u></u>

The financial statements on pages 5 to 17 were approved by the Board of Directors and signed on its behalf by:


Edward Plumbly
Director
6 March 1997

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 1996

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.

ALFRED BERG UK LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 1996

(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 1996

(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

	1996 SEK	1995 SEK
Commission	241,270,646	179,208,856
Inter company revenue:		
Corporate finance fees	14,941,352	2,685,350
Other inter company revenue	5,586,589	2,421,350
	<u>261,798,587</u>	<u>184,315,556</u>

3 Profit on ordinary activities before taxation

	1996 SEK	1995 SEK
Profit on ordinary activities before taxation is arrived at after charging/ (crediting):		
• Depreciation	2,493,859	8,851,795
• Foreign currency (gains)/losses	(851,039)	1,989,021
• Rentals under operating leases		
- hire of plant and machinery	54,535	53,250
- other	4,748,926	3,259,250
• Auditors' remuneration for audit services	232,280	259,595
• Auditors' remuneration for non-audit services	884,352	681,579

ALFRED BERG UK LIMITED**Notes to the financial statements (continued)**
For the year ended 31 December 1996**4 Staff costs**

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

	1996	1995
	Number	Number
Sales, traders, analysts, settlement and administration staff	36	28

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

	1996	1995
	SEK	SEK
Wages and salaries	122,783,194	102,579,912
Social security costs	11,707,886	10,463,151
Pension contributions	1,593,092	1,645,695
Other staff costs	216,933	163,484
	<u>136,301,105</u>	<u>114,852,242</u>

Wages and salaries and social security costs include amounts of SEK 96,021,779 (1995: SEK 69,078,040) and SEK 8,978,221 (1995: SEK 7,045,960) respectively relating to a bonus declared for the year ended 31 December 1996.

ALFRED BERG UK LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 1996

5 Directors' remuneration

	1996 £	1995 £
Remuneration in respect of directors was as follows:		
Pension contributions	12,778	13,939
Compensation for loss of office	698,568	-
Other emoluments	2,135,219	2,718,228
	<u>2,846,565</u>	<u>2,732,167</u>
Directors' remuneration (excluding pension contributions) includes amounts paid to:		
Chairman	-	-
Highest paid director	2,833,787	2,718,228

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Number	Number
0 - £ 5,000	4	6
£2,715,001 - £2,720,000	-	1
£2,830,001 - £2,835,000	1	-

Included in the disclosed emoluments in the year ended 31 December 1995 are bonus entitlements accrued as at 31 December 1994 but paid in the year ended 31 December 1995.

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 1,593,092 (1995: SEK 1,645,695) during the year.

ALFRED BERG UK LIMITED**Notes to the financial statements (continued)**
For the year ended 31 December 1996**7 Interest payable**

	1996	1995
	SEK	SEK
On overdrafts repayable within five years, not by instalments	889,379	292,915
	<u>889,379</u>	<u>292,915</u>

8 Taxation charge/(credit)

	1996	1995
	SEK	SEK
United Kingdom corporation tax at 33% :		
Current	8,012,435	-
Adjustment in respect of previous years	-	(5,740,861)
	<u>8,012,435</u>	<u>(5,740,861)</u>

The taxation charge/(credit) is stated without taking into account short term timing differences for which no deferred tax asset has been provided.

The adjustment in respect of prior year taxation arises from the change in payment date of the bonus accrued for the year ended 31 December 1994 following the change of ownership of the company during the year ended 31 December 1995.

The effective rate of tax is 24%. This differs from the corporation tax rate of 33% due mainly to tax losses brought forward.

9 Dividends

The directors recommend the payment of a dividend of SEK 0.1481 per share, amounting to SEK 10 million.

ALFRED BERG UK LIMITED**Notes to the financial statements (continued)**
For the year ended 31 December 1996**10 Tangible fixed assets**

As at 31 December 1995 and at 31 December 1996 tangible fixed assets at cost and net book value were nil.

During the year SEK1,835,418 was spent on the development of computer systems and SEK 658,441 was spent on the office refurbishment. In accordance with the Company's accounting basis adopted in previous years these expenditures have been fully depreciated during the year of purchase.

11 Debtors

	1996	1995
	SEK	SEK
Amounts falling due within one year:		
Trade debtors	216,070,237	135,268,071
Amounts owed by fellow subsidiary undertakings	207,651,345	76,914,430
Other debtors	525,953	132,108
Prepayments	2,913,717	5,424,136
	<hr/> 427,161,252	<hr/> 217,738,745
Amounts falling due after more than one year		
Advance corporation taxation recoverable	2,500,000	-
	<hr/> 429,661,252	<hr/> 217,738,745

Included within other debtors as at 31 December 1996 is an amount of £ 13,998 due from the highest paid director in respect of an adjustment to the estimated amount of the bonus entitlement for the year ended 31 December 1996 paid on 30 December 1996. This amount was repaid on 6 March 1997.

ALFRED BERG UK LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 1996

12 Current asset investments

	1996	1995
	SEK	SEK
Investments not listed on a recognised exchange	8,445,389	7,577,513
	<u>8,445,389</u>	<u>7,577,513</u>

13 Creditors

	1996	1995
	SEK	SEK
Amounts falling due within one year:		
Bank overdrafts	-	10,585,513
Trade creditors	141,767,352	61,623,880
Short securities positions	-	48,995
Amounts owed to parent company	4,755,109	11,099,061
Amounts owed to fellow subsidiary undertakings	213,782,227	95,411,634
Corporation taxation :		
Payable 30 September 1997	8,012,435	-
Advance corporation taxation	2,500,000	-
Other taxation and social security	22,670,348	7,864,836
Other creditors	65,679,259	70,163,184
Accruals	2,052,728	5,347,159
Dividends payable	10,000,000	-
	<u>471,219,458</u>	<u>262,144,262</u>

ALFRED BERG UK LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 1996

14 Share capital

	1996 SEK	1995 SEK
Authorised share capital :		
2 £1 'A' ordinary	21	21
100,000,000 SEK 1 'B' ordinary	100,000,000	100,000,000
20,000,000 SEK 1 redeemable ordinary	20,000,000	20,000,000
Allotted, called up and fully paid shares:		
2 £1 'A' ordinary	21	21
47,500,000 SEK 1 'B' ordinary	47,500,000	30,000,000
20,000,000 SEK 1 redeemable ordinary	20,000,000	20,000,000
	<u>67,500,021</u>	<u>50,000,021</u>

During the year 17,500,000 SEK 1 ordinary B shares were allotted and fully paid at par.

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 (continued)
For the year ended 31 December 1996

15 Profit and loss account

	1996 SEK	1995 SEK
Balance at 1 January	(13,745,616)	4,292,240
Retained profit/(loss) for the year	15,101,374	(18,037,856)
Balance at 31 December	<u>1,355,758</u>	<u>(13,745,616)</u>

16 Reconciliation of movement in shareholders' funds

	1996 SEK	1995 SEK
Balance at 1 January	36,254,405	54,292,261
Issue of share capital	17,500,000	-
Retained profit/(loss) for the year	15,101,374	(18,037,856)
Balance at 31 December	<u>68,855,779</u>	<u>36,254,405</u>

17 Financial commitments

At 31 December 1996 the Company had annual commitments under operating leases as set out below:

	Land and Buildings SEK	Office Equipment SEK	Total SEK
Expiring within one year	-	-	-
Expiring between two and five years	-	-	-
Expiring in over five years	5,719,895	-	5,719,895
	<u>5,719,895</u>	<u>-</u>	<u>5,719,895</u>

ALFRED BERG UK LIMITED**Notes to the financial statements (continued)**
For the year ended 31 December 1996**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.