

SWISS LIFE ASSET MANAGEMENT (UK) LIMITED

REPORT AND ACCOUNTS

31st December 2001



REGISTERED NO. 3870667

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The Directors present their Report and Financial Statements for the period ended 31st December 2001.

PRINCIPAL ACTIVITY

The principal activities of the Company are the management of and provision of advice to corporate clients on portfolio investments.

RESULTS AND DIVIDENDS

The profit and loss account for the period is set out on page 5. The Company made a profit after taxation for the period of £178,328 (2000 : Loss £359,273). The directors do not recommend the payment of a dividend (2000 : £Nil).

Movements in reserves are set out in Note 13 to the financial statements.

FUTURE DEVELOPMENTS

As long as market conditions stabilise, the directors expect that the level of activity and turnover will produce a result which will not be materially different from the one reported for 2001.

FIXED ASSETS

Information relating to changes in tangible fixed assets during the period are set out in Note 7 to the financial statements.

DIRECTORS

The Directors during the period were:

M. Ondraschek
S. Thaler
T. McIntosh
B. K. Morris

None of the Directors had a beneficial interest in any shares of the Company or any notifiable interest in any other Group Company at 1st January 2001 or 31st December 2001.

EMPLOYEES

It is the Company's policy and practice that selection for employment and promotion is based on objective assessment of ability and experience free from discrimination on any grounds. The Company encourages the involvement of UK employees in its performance by way of performance related remuneration packages, regular communication and equal opportunities combined with appropriate training.

CHARITABLE CONTRIBUTIONS

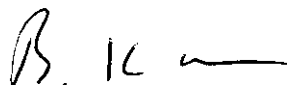
Charitable contributions made during the year amounted to £10,004 (2000 - £10,000).

AUDITORS

A Resolution to re-appoint PricewaterhouseCoopers as Auditors to the Company will be proposed at the Annual General Meeting.

Swiss Life House
24-26 South Park
Sevenoaks
Kent
TN13 1BG

By Order of the Board

A handwritten signature in black ink, appearing to read 'B. K. Morris', with a long horizontal flourish extending to the right.

15th March 2002

B. K. Morris

Swiss Life Asset Management (UK) Limited
Statement of Directors' Responsibilities

The directors are required by UK company law to prepare financial statements for each year that give a true and fair view of the state of the affairs of the Company as at the end of the financial year and the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st December 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 responsible steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Swiss Life Asset Management (UK) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 Companies Act 1985. 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 at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

15th March 2002

Swiss Life Asset Management (UK) Limited
Profit and Loss Account for the period ended 31st December 2001

	Notes	2001 £	2000 £
Turnover	2	4,163,238	3,567,326
Operating Expenses		<u>(4,073,804)</u>	<u>(3,964,118)</u>
Operating Profit/(Loss)		89,434	(396,792)
Profit on sale of fixed assets	3	50,220	-
Profit on ordinary activities before interest		<u>139,654</u>	<u>(396,792)</u>
Interest receivable and similar income	4	44,809	15,125
Profit/(loss) on ordinary activities before taxation	5	<u>184,463</u>	<u>(381,667)</u>
Taxation on ordinary activities	6	(6,135)	22,394
Retained profit/(loss) for the financial period	12	<u>178,328</u>	<u>(359,273)</u>

Movements on reserves are disclosed in note 13 to the financial statements.

The above profit and loss account relates to continuing operations.

The Company has not recognised gains or losses for the period other than the gains above and therefore no separate statement of total recognised gains and losses has been presented.

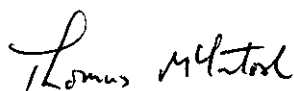
There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

The notes on pages 7 to 12 form part of these financial statements.

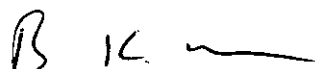
Swiss Life Asset Management (UK) Limited
Balance Sheet as at 31st December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	7	72,506	168,482
CURRENT ASSETS			
Debtors	8	261,288	113,721
Cash at bank and in hand		2,515,226	1,515,625
		<u>2,776,514</u>	<u>1,629,346</u>
CREDITORS			
Amounts falling due within one year	9	(1,029,965)	(657,101)
Net current assets		<u>1,746,549</u>	<u>972,245</u>
Total assets less current liabilities		1,819,055	1,140,727
Amounts falling due after one year	10	(500,000)	-
NET ASSETS		<u>1,319,055</u>	<u>1,140,727</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,500,000	1,500,000
Profit and loss account	12	(180,945)	(359,273)
TOTAL EQUITY SHAREHOLDERS' FUNDS	13	<u>1,319,055</u>	<u>1,140,727</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 15th March 2002 and signed on its behalf by:



T. McIntosh



B. K. Morris

15th March 2002

The notes on pages 7 to 12 form part of these financial statements.

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies of the Company, which have been applied consistently, is set out below.

a) Accounting Convention

The accounts are prepared under the historical cost convention.

b) Turnover

Turnover, comprising management and administration fees, is recognised when such fees fall due in accordance with their relevant management agreement.

c) Tangible Fixed Assets and Depreciation

Depreciation is calculated so as to write down the cost or valuation of tangible fixed assets to their estimated residual value by equal instalments over the period of their expected useful economic lives which is considered to be:

Furniture/Office equipment	5 years
Motor Vehicles	3 years
Computer Equipment	4 years

d) Taxation

The charge for taxation is based on the results of the year as adjusted for disallowable items. Provision is made for deferred taxation, using the liability method, on all material timing differences where they are expected to reverse in the foreseeable future.

e) Foreign Currencies

Assets and liabilities expressed in foreign currencies are translated to sterling at rates of exchange ruling at the end of the financial year. Transactions during the year expressed in foreign currencies are translated into sterling at the rates of exchange ruling on the date of each transaction. Any differences arising from translation and conversion are dealt with in the profit and loss account.

2. TURNOVER

The geographical analysis of turnover based on the country of residence of the investing company or fund is as follows:

	2001	2000
	£	£
Ireland	1,534,855	1,370,307
Continental Europe	16,574	8,759
United Kingdom	2,611,809	2,188,260
	<u>4,163,238</u>	<u>3,567,326</u>

3. PROFIT ON DISPOSAL OF FIXED ASSETS

	2001	2000
	£	£
Profit on sale of motor cars	50,220	-

4. OTHER INCOME

	2001	2000
	£	£
Bank interest receivable	44,809	15,119

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2001	2000
	£	£
Auditors' remuneration – audit services	28,800	20,000
Depreciation of tangible fixed assets	53,637	94,105
Foreign exchange (gain)/loss	(761)	(6)
Directors' emoluments (See Note 14)	239,877	209,429
Staff costs (See Note 15)	<u>1,746,511</u>	<u>1,573,698</u>

6. TAXATION ON ORDINARY ACTIVITIES

	2001	2000
	£	£
UK Corporation taxation on profits of the period at 30% (2000 – 30%)	50,000	-
Amount receivable from a group undertaking in respect of group relief	-	(22,394)
Prior year adjustment	<u>(43,865)</u>	<u>-</u>
	<u>6,135</u>	<u>(22,394)</u>

7. TANGIBLE FIXED ASSETS

	Furniture, Office Equipment & Motor Vehicles	Computer Equipment	Total
Cost:			
At 1 January 2001	296,992	54,429	351,421
Additions			
Disposals	(206,428)		(206,428)
Fully depreciated items written out	(30,962)		(30,962)
At 31 st December 2001	<u>59,602</u>	<u>54,429</u>	<u>114,031</u>
Depreciation:			
At 1 st January 2001	173,917	9,022	182,939
Charge for the year	40,008	13,629	53,637
Disposals	(164,089)		(164,089)
Fully depreciated items written out	(30,962)		(30,962)
At 31 st December 2001	<u>18,874</u>	<u>22,651</u>	<u>41,525</u>
Net Book Value:			
31 st December 2001	<u>40,728</u>	<u>31,778</u>	<u>72,506</u>
At 31 st December 2000	<u>123,075</u>	<u>45,407</u>	<u>168,482</u>

8. DEBTORS

	2001	2000
	£	£
Amounts due from group undertakings	-	22,394
Other debtors	36,498	12,634
Prepayments and accrued income	224,790	78,693
	<u>261,288</u>	<u>113,721</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£	£
Amounts due to group undertakings	764,935	543,966
Other Creditors	136,626	-
Accruals	128,404	113,135
	<u>1,029,965</u>	<u>657,101</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001	2000
	£	£
Sub-ordinated loan	500,000	-
	<u>500,000</u>	<u>-</u>

The Subordinated Loan was taken out on 29 January 2001 between Swiss Life Insurance and Pension Company ("Lender") and Swiss Life Asset Management (UK) Limited ("Borrower") and is repayable on the expiry of one month's written notice given by the Lender to the Borrower provided that:

- such notice shall expire on a day falling after two years from the date of the Loan Agreement and
- the prior written consent of IMRO to the repayment has first been obtained by the Borrower and not withdrawn: but
- such notice shall cease to have effect if the winding up of the Borrower commences before the date on which such notice expires.

The loan is subordinated to all other creditors of the Borrower. The event of default to the subordinated loan is non-payment of the principle for a period of five Business Days or more. The remedy available to the Lender in the event of the default is to institute proceedings to wind-up the Borrower. The loan is interest free.

11. SHARE CAPITAL

	2001	2000
	£	£
Authorised 10,000,000 ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid 1,500,000 ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

12. PROFIT AND LOSS ACCOUNT

	2001	2000
	£	£
Balance at 1 st January	(359,273)	-
Retained profit/(loss) for the year	178,328	(359,273)
Balance at 31 st December	<u>(180,945)</u>	<u>(359,273)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit/(Loss) for the financial year	178,328	(359,273)
Proceeds on issue of share capital		1,500,000
Opening shareholders' funds	1,140,727	-
Closing shareholders' funds	<u>1,319,055</u>	<u>1,140,727</u>

14. DIRECTORS' EMOLUMENTS

	2001	2000
	£	£
Aggregate emoluments	<u>239,877</u>	<u>209,429</u>

Retirement benefits are accruing to two directors under the defined benefit scheme of Swiss Life (UK) Group Plc, a fellow subsidiary company.

HIGHEST PAID DIRECTOR

	2001	2000
	£	£
Aggregate emoluments and benefits	160,075	144,518
Defined Benefit Pension Scheme Accrued Pension at End of Year	21,450	23,576

15. EMPLOYEE INFORMATION

a) Average number of persons employed:

The average number of persons employed by the Company including executive directors during the 2001 period was 19 (2000 – 2).

b) Employee costs:

Aggregate gross remuneration of all employees during the period as shown below was:

	2001	2000
	£	£
Wages and salaries	1,437,420	1,290,968
Social Security costs	156,634	162,110
Other pension costs	152,457	120,620
	<u>1,746,511</u>	<u>1,573,698</u>

c) Pension Scheme:

Staff belong to the pension plan operated by Swiss Life (UK) Group Plc.

Swiss Life (UK) Group Plc operates a pension plan based on final pensionable pay. The pension plan is set up under trust and the assets of the plan are therefore held separately from the Company.

The pension costs charged to the Company in the 2001 period were £152,457 (2000 - £120,620).

The pension cost charge to the profit and loss account is calculated in such a way as to spread the cost of pensions over the employees' working lives with the Company. The pension cost is based on the most recent actuarial valuation which was carried out with an effective date of 1st January 2001. The actuarial method used to calculate the pension cost is the projected unit method. The most significant assumptions affecting the pension cost are those relating to the rate of return on the investments of the plan and the rates of increase in salaries and pensions. The investment return used was 6.5% per annum prior to retirement and 5.5% per annum post retirement, the rate of earnings increase used was 4.5% per annum and the rate of pension increase used was 2.5% per annum for pensions in respect of Pensionable Service both before and after 6th April 1997.

The actuarial valuation as at 1st January 2001 showed that the market value of the plan's assets were £30.4m and that the actuarial value of those assets represented 116% of the plan's liability for benefits, under the valuation method used, for service to the valuation date and based on salaries projected to retirement or earlier exit.

In addition the Company operates a FURBS which provides benefits on a money purchase basis.

16. CASHFLOW STATEMENT

The Company has decided to take advantage of the exemption from preparing a cashflow statement provided by FRS 1 (revised 1996), as it is a greater than 90% owned subsidiary of a group whose accounts are publicly available.

17. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption for subsidiaries not to disclose intra-group transactions under FRS 8 related party disclosures.

18. HOLDING COMPANY

The ultimate holding company is Swiss Life Insurance Pension Company; a Life Insurance Company incorporated in Switzerland. Copies of the Group's financial statements can be obtained from The Secretary, Swiss Life House, 24-26 South Park, Sevenoaks, Kent, TN13 1BG.

Swiss Life Asset Management Holding, SA (Luxembourg) incorporated in Luxembourg is the immediate parent undertaking of the smallest group that prepares consolidated results including the company. Copies of the group's financial statements can be obtained from 1 Rue Du Potager, L-2347, Luxembourg.

Copies of the financial statements of Swiss Life Asset Management (UK) Limited can be obtained from The Secretary, Swiss Life House, 24-26 South Park, Sevenoaks, Kent, TN13 1BG.