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The Directors present their Report and Financial Statements for the period ended 31st December 2000. This was the first period and therefore there are no comparatives. The Company incorporated on 3rd November 1999 and is presenting financial statements for an extended period. Trading commenced with effect from 1st January 2000.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The profit and loss account for the period is set out on page 5. The Company made a loss after taxation for the period of £359,273. The directors do not recommend the payment of a dividend.

Movements in reserves are set out in Note 10 to the financial statements.

FUTURE DEVELOPMENTS

The Directors expect that the level of activity and turnover will increase in the coming year with an aim to break even by the year-end.

FIXED ASSETS

The additions to fixed assets during the period are set out in Note 5 to the financial statements.

DIRECTORS

The Directors during the period were:

Alnery Incorporations No. 1 Limited (Appointed 3rd November 1999 and resigned 5th April 2000)
Alnery Incorporations No. 2 Limited (Appointed 3rd November 1999 and resigned 5th April 2000)
M. Ondraschek (Appointed 5th April 2000)
S. Thaler (Appointed 5th April 2000)
T. McIntosh (Appointed 5th April 2000)
B. K. Morris (Appointed 5th April 2000)

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 2000 or 31st December 2000.

CHARITABLE CONTRIBUTIONS

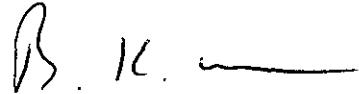
Charitable contributions made during the year amounted to £10,000.

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



20th March 2001

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 2000. 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, and for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

We have audited the financial statements on pages 5 to 11, which have been prepared in accordance with the accounting policies, set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

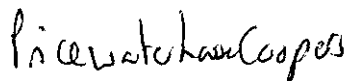
Basis of audit opinion

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 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

20 March 2001

Swiss Life Asset Management (UK) Limited
Profit and Loss Account for the period ended 31st December 2000

	Notes	2000 £
Turnover	2	3,567,326
Operating Expenses		<u>(3,964,118)</u>
Operating Loss		(396,792)
Interest receivable and similar income		15,125
Loss on ordinary activities before taxation	3	<u>(381,667)</u>
Taxation on ordinary activities	4	22,394
Retained loss for the financial period	9	<u>(359,273)</u>

Movements on reserves are disclosed in note 10 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 loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents.


The notes on pages 7 to 11 form part of these financial statements.

Swiss Life Asset Management (UK) Limited
Balance Sheet as at 31st December 2000

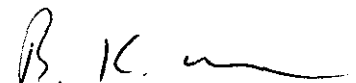
	Notes	2000 £
FIXED ASSETS		
Tangible assets	5	168,482
CURRENT ASSETS		
Debtors	6	113,721
Cash at bank and in hand		<u>1,515,625</u>
		1,629,346
CREDITORS		
Amounts falling due within one year	7	(657,101)
Net current assets		<u>972,245</u>
NET ASSETS		<u>1,140,727</u>
CAPITAL AND RESERVES		
Called up share capital	8	1,500,000
Profit and loss account	9	(359,273)
TOTAL EQUITY SHAREHOLDERS' FUNDS	10	<u>1,140,727</u>

The Financial Statements on pages 5 to 11 were approved by the Board of Directors on 20th March 2001 and signed on its behalf by:

T. McIntosh



B. K. Morris



20th March 2001

The notes on pages 7 to 11 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:

	2000
	£
Ireland	1,370,307
Continental Europe	8,759
United Kingdom	2,188,260
	<u>3,567,326</u>

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2000 £
Auditors' remuneration	20,000
Depreciation of tangible fixed assets	94,105
Foreign exchange (gain)/loss	(6)
Directors' emoluments (See Note 11)	209,429
Staff Costs (See Note 12)	<u>1,573,698</u>

4. TAXATION ON ORDINARY ACTIVITIES

	2000 £
Corporation taxation @ 30%	-
Amount receivable from a group undertaking in respect of group relief	<u>(22,394)</u>
	<u>(22,394)</u>

The Company will surrender the benefit of tax losses to another group company for consideration of £22,934 which will be receivable on 30th September 2001. Accordingly, no tax losses are available for carry forward.

5. TANGIBLE FIXED ASSETS

	Furniture, Office Equipment & Motor Vehicles	Computer Equipment	Total
Cost:			
Transfer from group undertakings	207,665	13,334	220,999
Additions	89,327	41,095	130,422
At 31 st December 2000	<u>296,992</u>	<u>54,429</u>	<u>351,421</u>
Depreciation:			
Transfer from Group undertakings	88,834	-	88,834
Charge for the year	85,083	9,022	94,105
At 31 st December 2000	<u>173,917</u>	<u>9,022</u>	<u>182,939</u>
Net Book Value:			
31 st December 2000	<u>123,075</u>	<u>45,407</u>	<u>168,482</u>

6. DEBTORS

	2000
	£
Other debtors	12,634
Prepayments and accrued income	78,693
Amounts due from group undertakings	22,394
	<u>113,721</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000
	£
Amounts due to group undertakings	543,966
Accruals	113,135
	<u>657,101</u>

8. SHARE CAPITAL

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

All shares were issued during the period for cash consideration of £1,500,000.

9. PROFIT AND LOSS ACCOUNT

	2000
	£
Accumulated loss for the period	(359,273)
At 31 st December	<u>(359,273)</u>

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

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

11. DIRECTORS' EMOLUMENTS

	2000 £
Aggregate emoluments	209,429

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

HIGHEST PAID DIRECTOR

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

12. EMPLOYEE INFORMATION

Until 1st December 2000 the contracts of service of staff were with Swiss Life (UK) Services Ltd a fellow subsidiary undertaking. However, all staff worked full time on Company business and the Company was charged for their services. After 1st December 2000 the staff became direct employees of the Company.

a) Average number of persons employed:

At 31st December 2000 there were 20 employees. The average number of persons employed by the Company including executive directors during the period was 2.

b) Employee costs:

Aggregate gross remuneration of all employees during the period either as a direct employee or as an employee of Swiss Life (UK) Services Ltd was:

	2000 £
Wages and salaries	1,290,968
Social Security costs	162,110
Other pension costs	120,620
	<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 period were £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 1999. 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 1999 showed that the market value of the plan's assets were £22.8m and that the actuarial value of those assets represented 112% 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.

13. 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.

14. 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.

15. 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 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.