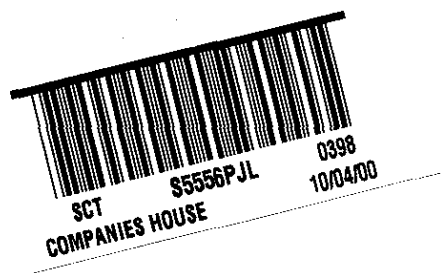


BRITANNIC LAS INVESTMENT MANAGEMENT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

COMPANY REGISTRATION NUMBER 86806



IAM

**BRITANNIC LAS INVESTMENT MANAGEMENT LIMITED
REPORT BY THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1999**

REVIEW OF THE BUSINESS AND RESULTS

The Company has not traded during the current year.

The audited financial statements together with relevant notes and report of the auditors are shown on pages 3 to 7.

Details of the results for the year are given in the Profit and Loss Account on page 4.

The directors do not recommend the payment of a dividend (1998 - nil).

SIGNIFICANT EVENTS

On 31 August 1999 99,999 ordinary shares in the Company were transferred from Britannia Life Limited to Britannia Investment Managers Limited.

On 6 December 1999 at an Extraordinary General Meeting a Special Resolution was passed changing the Company's name from Britannia LAS Investment Management Limited to Britannic LAS Investment Management Limited.

DIRECTORS AND THEIR INTERESTS


Directors :	D O'Neil	BSc FFA	<i>(Resigned 14 July 1999)</i>
	D A Wagner	LLB ACIS	<i>(Resigned 14 July 1999)</i>
	W G Henderson	B Comm CA FRSA	<i>(Appointed 14 July 1999 and Resigned 6 December 1999)</i>
	M B Stafford	BA Dip IA	<i>(Appointed 14 July 1999 and Resigned 6 December 1999)</i>
	J Nickson	B Comm FCA ACII	<i>(Appointed 6 December 1999)</i>
	E Mirner	B Acc CA	<i>(Appointed 6 December 1999)</i>

No Director held any beneficial interest in the share capital of the Company or any group company.

AUDITORS

PricewaterhouseCoopers resigned as auditors on 6 December 1999 and KPMG Audit Plc were appointed at that date. KPMG Audit Plc will be proposed for reappointment as Auditors at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


D A Wagner Secretary

20 March 2000

Registered Office:
Britannic Court
50 Bothwell Street
Glasgow G2 6HR

**BRITANNIC LAS INVESTMENT MANAGEMENT LIMITED
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 these 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 ensuring appropriate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure 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' REPORT TO THE MEMBERS OF
BRITANNIC LAS INVESTMENT MANAGEMENT LIMITED
FOR THE YEAR ENDED 31 DECEMBER 1999**

We have audited the financial statements on pages 4 to 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The company's directors are responsible for the preparation of financial statements which meet the requirements of company law and accounting standards. 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 AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes the 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 as to obtain reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Mc

KPMG Audit Plc
Registered Auditor
Chartered accountants
20 March 2000

24 Blythswood Square
Glasgow
G2 4QS

BRITANNIC LAS INVESTMENT MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>Note</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Other Expenditure		<u>-</u>	<u>(99,995)</u>
Loss on ordinary activities before taxation	3	-	(99,995)
Loss for the year	3	<u>-</u>	<u>(99,995)</u>

The company has no recognised gains or losses for the current or prior year other than those detailed above.

BRITANNIC LAS INVESTMENT MANAGEMENT LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
CAPITAL AND RESERVES			
Share Capital	4	100,000	100,000
Profit and Loss Account	3	<u>(100,000)</u>	<u>(100,000)</u>
Total Shareholders Funds - Equity		<u>-</u>	<u>-</u>

The notes on pages 6 to 7 are an integral part of these Financial Statements.

The financial statements were approved by the Directors on 20 March 2000.



E Mirner Director

BRITANNIC LAS INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FOR THE YEAR ENDED 31 DECEMBER 1999

1. ACCOUNTING POLICIES

- 1.1 The financial statements are prepared under the historical cost convention in compliance with the Companies Act 1985, and in accordance with applicable Accounting Standards.
- 1.2 The company is exempt from the requirement to produce a Cash Flow Statement in accordance with FRS1 (Revised) as it complies with the criteria for a small company.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration is borne by Britannic Investment Managers Limited.

None of the Directors received any emoluments in respect of their services to the Company in the current or prior year.

3. PROFIT AND LOSS ACCOUNT

	<u>1999</u>	<u>1998</u>
	£	£
Balance at 1 January	(100,000)	(5)
Retained Loss for Period	-	(99,995)
Balance at 31 December	<u>(100,000)</u>	<u>(100,000)</u>

BRITANNIC LAS INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FOR THE YEAR ENDED 31 DECEMBER 1999

4. SHARE CAPITAL

	<u>Authorised</u> <u>Number</u>	<u>Issued and Fully Paid</u> <u>Number</u>	<u>£</u>
Ordinary Shares of £1 each	<u>1,000,000</u>	<u>100,000</u>	<u>100,000</u>

There was no movement in the authorised and issued share capital during the period.

5. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Total recognised gains and losses	-	(99,995)
Shareholders' Funds at 1 January	<u>-</u>	<u>99,995</u>
Shareholders' Funds at 31 December	<u>-</u>	<u>-</u>

6. RELATED PARTIES

There were no significant contracts between the Company and Directors or persons connected with them during the year.

As the company is a subsidiary undertaking, related party transactions with fellow group undertakings have not been disclosed as permitted by Financial Reporting Standard 8 "Related Party Disclosures".

7. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Britannic Investment Managers Limited which is a body incorporated in Scotland. The Company's ultimate parent undertaking is Britannic plc which is a body registered in England.

A copy of the financial statements of Britannic plc is available from :-

1 Wythall Green Way
Wythall
Birmingham
B47 6WG