



PARETO 2003



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THE NAME PARETO PAYS HOMAGE TO ITALIAN ECONOMIST AND SOCIOLOGIST VILFREDO PARETO (1848-1923), KNOWN FOR HIS APPLICATION OF MATHEMATICS TO ECONOMIC ANALYSIS. HE DEVELOPED THE CONCEPT OF PARETO OPTIMALITY; THE IDEAL MEASURE OF EQUILIBRIUM BETWEEN SUPPLY AND DEMAND IN A FREE MARKET.



THE PARETO GROUP

Pareto AS

**Dronning Maudsgate 3
PO Box 1396 Vik
NO 0114 Oslo Norway
Tel +47 22 87 87 00**

**Revenue 2003:
NOK 516,9 mill
Employees: 141**

**Managing director:
Uno Grønlie
uno.gronlie@pareto.no
www.pareto.no**

THIS IS THE PARETO GROUP

Pareto is a leading and independent player in the Norwegian financial services market. The company maintains offices in Oslo, Stavanger, Bergen, Kristiansand and Haugesund. Pareto was incorporated in 1986, and has evolved from being a company focusing solely on project finance, into a group offering a comprehensive range of products. During this period, the company has grown from 5 to 140 employees. Turnover has increased from NOK 8 million to NOK 517 million, and equity stands at NOK 540.5 million as per 31 December 2003. This expansion has been facilitated by dedicated and skilful personnel, a strong focus on products, controlled growth and, not least, by our customers and business associates having confidence in us.



PARETO AS IS THE GROUP'S PARENT COMPANY

Pareto AS is the majority shareholder of the Pareto Group subsidiaries. The minority shareholders are employees and partners of the subsidiaries. Further details are provided in the presentation of each individual company. Pareto also makes strategic investments in companies that are involved in related businesses, and with whom Pareto may collaborate. Besides, the company makes financial investments in the securities market as part of its regular cash management.

PARETO'S BUSINESS AREAS

Through its subsidiaries, Pareto offers a comprehensive range of services within stock brokerage, bond brokerage, partnership interest brokerage, the management of offerings of various equity and debt instruments, as well as direct investments.

Furthermore, Pareto is engaged in business management relating to direct investments, valuations, refinancing, financial advisory services and commercial property brokerage. Pareto offers asset management within the equity and debt markets, and is involved, through ship brokerage, in the chartering, as well as the sales and purchase, of tanker tonnage.

THE STRENGTHS OF PARETO ARE DIVERSITY AND A LOCAL PRESENCE

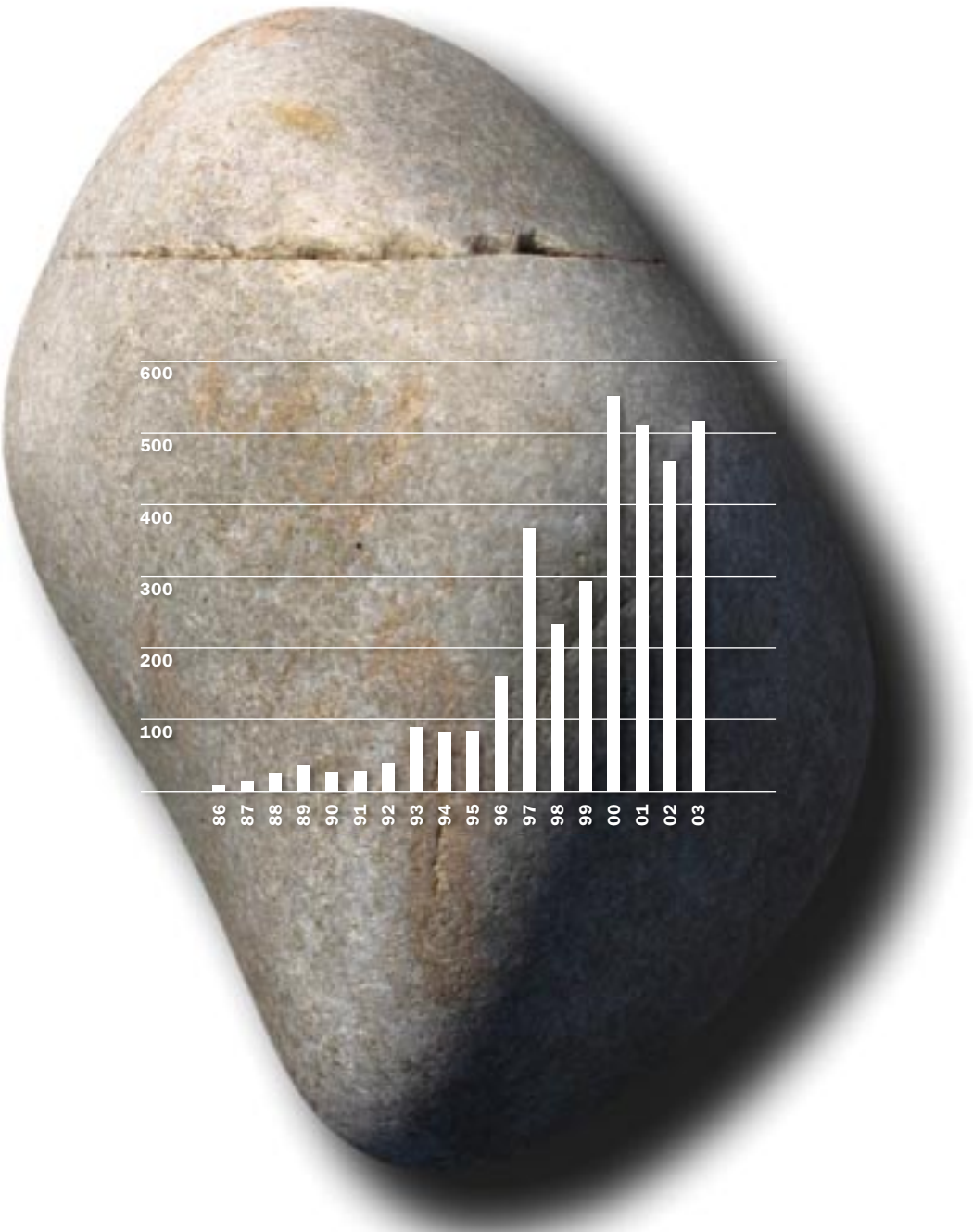
The breadth of the Pareto product range has given the company the strength to grow and prosper even in a challenging economic environment. Likewise, this has contributed to our customers achieving a balanced and diversified portfolio, which again has resulted in attractive long-term yield on the part of the customer.

Success in our industry requires the ability to withstand difficult market conditions. Pareto has demonstrated such ability, and this is one of the company's success factors, which also benefits the customer.

Our knowledge of, and presence in, the local markets and companies have equipped us with a wealth of experience and qualifications. This enables us to treat each customer individually, and to attend to his interests.

The company prioritises organic growth and internal competency development. Mergers and acquisitions are considered on an ongoing basis, to the extent that these may complement existing company resources and further the continued development of the company. Pareto cooperates with other players when appropriate, and when it results in our customers getting the best product. The objective of Pareto is to be the preferred Norwegian supplier of financial services, based on a thorough and detailed knowledge of Norwegian society and of industries wherein Norway enjoys special advantages.

It is the objective of Pareto to offer our customers attractive financial solutions and a high yield. Our strategy is based on focus, detailed knowledge, experience and long-term customer relations. We believe in continuous development and improvement. We have invested knowledge and financial resources with a view to the longer term. We require responsibility, integrity and a high ethical standard from our employees. We are independent, and wish to adopt a new, creative and different approach.



THE GRAPH SHOWS PARETO GROUP OPERATING REVENUE IN MNOK

Pareto Securities ASA

**Dronning Maudsgate 3
PO Box 1411 Vik
NO 0115 Oslo Norway
Tel +47 22 87 87 00**

**Revenue 2003:
NOK 308 mill
Employees: 81**

**Managing director:
Kristen Jakobsen
kristen.jakobsen@pareto.no
www.pareto.no**

**Bloomberg: PASE (go)
Reuters: PARETO**



PARETO SECURITIES ASA

PARETO SECURITIES ASA

All our activities are focused on industries wherein Norway enjoys special advantages. Our research efforts are based on thorough and detailed knowledge. This ensures that our research and brokerage products are highly esteemed by a wide range of Norwegian and international investors. Our corporate customers benefit from our willingness and ability to focus on their business, and from the trust we enjoy on the part of investors.

OUR SERVICES – SECURITIES BROKERAGE AND FINANCIAL ADVISORY SERVICES

Pareto Securities is one of Norway's leading investment banks. Our services mainly comprise equity and fixed income brokerage, as well as advisory services relating to corporate finance. Pareto has maintained a leading position within both of these areas since 1997.



The graph shows the market shares of Pareto Securities in the secondary market for equity instruments (Source: The Norwegian Banking, Insurance and Securities Commission/Pareto)

We have a virtually 100% focus on Norwegian securities, and we prioritise industries wherein Norway enjoys special advantages. This enables us to develop our business through research based on a detailed knowledge of the companies and industries we address. This is of particular importance to our international investors, who demand focus and first-hand knowledge of the companies in which they are to invest. Our local presence is in this context seen to be a major competitive advantage, and contributes to inspiring confidence on the part of investors.

Our corporate customers use our advisory services in connection with stock exchange listings, offerings, sales/acquisitions and mergers/demergers, etc. In this context, our access to, and knowledge of, investors are of paramount importance. Our focus

on Norwegian companies and industries contributes to ensuring our long-term involvement.

RESEARCH-BASED BROKERAGE WITH PROXIMITY TO THE COMPANIES. LOCAL INVESTOR FOLLOW-UP

Our business philosophy requires us to achieve proximity to the companies and the industries with which we work. This is ensured through our equity and credit analysts being located in Oslo and Stavanger. Moreover, these are close to our Norwegian brokerage resources in Oslo, Bergen, Haugesund, Kristiansand and Stavanger.

As far as our international investor network is concerned, our US customers are serviced from New York, where we cooperate with E. Öhman J:or Fondkommission AB of Sweden and Evli Bank Plc of Finland. This collaborative effort enables us to offer a Nordic product for international customers under a joint name, Nordic Partners Inc. European customers are serviced from Oslo, Stockholm and Helsinki.

A presence in local markets is ever more often identified as a significant advantage by international investors. The independent company AQ Publications Ltd writes in their latest survey of Nordic brokerages that the local firms always offer the most precise estimates. This reflects a better understanding of the corporate culture and the market position of companies within the home markets of the brokerages, as well as knowledge of local accounting and tax rules. It is also stated in the survey that an understanding of the dynamics of the local market and its special liquidity characteristics is the key to correct recommendations. This is evidenced by the high rankings that local firms achieve in the survey.

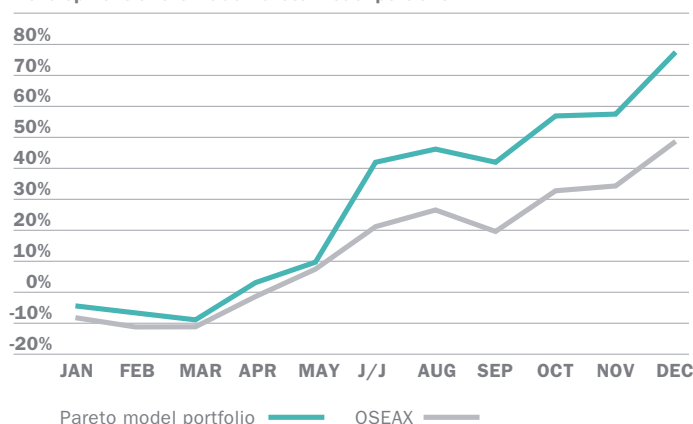


All three companies that make up the Nordic Partners joint venture achieved very favourable scores in the survey, with Pareto coming out on top in Norway, Öhman in Sweden and Evli in Finland. Consequently, the venture is a very strong player within the Nordic market. See also a separate feature on Nordic Partners on page 28.

SKILFUL EQUITY AND CREDIT ANALYSTS PROVIDE HIGH-QUALITY RESEARCH PRODUCTS

Our research staff comprises 16 senior advisers boasting special knowledge of the industries on which they focus. The macro and interest rate outlook is assessed continuously by our chief economist, whilst our credit analysts follow the Norwegian and international credit markets and undertake credit research of selected companies. Credit analysts cooperate with the equity analysts, who are responsible for the key sectors and for most of the larger companies on the Oslo Stock Exchange. Our shipping and real estate competency is primarily attended to through integrated cooperation with the ship brokerage P.F. Bassøe and Pareto Eiendom.

Development of the 2003 Pareto model portfolio



The analysts' model portfolio is a highly popular research product amongst Pareto's customers. It comprises 6 – 10 Norwegian shares, and is updated monthly with new recommendations. In 2003, the value of the shares in the portfolio increased by 78%, a full 30% better than the Oslo Stock Exchange!

An important aspect of research activities is to facilitate seminars and company visits for our investors. As an example, Pareto hosts an annual oil and offshore seminar. This event has established itself as one of Europe's leading investment fora for oil and oil-related companies. More than 450 private and institutional investors from Norway and abroad participate at the conference. Other annual seminars include the technology seminar in June and the macro and interest rate seminar in April.

PARETO ON TOP

Pareto Securities' research product is made available to the company's customers on an ongoing basis on the website www.pareto.no. The research team prepares ongoing industry and company analyses, which are published regularly on a daily, weekly, and monthly basis. The research team issued almost 1,300 analyses during the course of the year.

Pareto's analysts have done very well in a number of rankings and surveys:

2004:

Ranked no. 2 on Banking by Kapital (Pareto analyst C.E.Sando)
Ranked no. 3 on Oil by Kapital (Pareto analyst Tormod Høiby)
Ranked no. 3 on Technology by Kapital (Pareto analyst Nils Kasper Lodden)

2003:

Ranked no. 1 on Statoil by AQ Publications: Nordic brokerages (Pareto analyst Tormod Høiby)
Ranked no. 1 on DnB by AQ Publications: Nordic brokerages (Pareto analysts Elin Bull Nordstrand and Carl Erik Sando)
Ranked no. 1 on EDB Business Partner by AQ Publications: Nordic brokerages (Pareto analyst Nils Kasper Lodden)
Ranked no. 1 on Nera by AQ Publications: Nordic brokerages (Pareto analyst Nils Kasper Lodden)
Ranked no. 1 on Telenor by AQ Publications: Nordic brokerages (Pareto analyst Nils Kasper Lodden)
Ranked no. 1 on Prosafe by AQ Publications: Nordic brokerages (Pareto analyst Frank Harestad)
Ranked no. 2 on Oil & Offshore in the Prospera analyst ranking (Pareto analysts Tormod Høiby and Frank Harestad)
Ranked no. 2 on Technology by Kapital (Pareto analyst Mikael Clement)
Ranked no. 3 on Cruise and Shipping in the Prospera analyst ranking (Pareto analyst Per Didrik Leivdal)

2002:

Ranked no. 1 on Oil by the Kapital analyst scoreboard (Pareto analyst Tormod Høiby)
Ranked no. 1 on Oil & Offshore in the Prospera analyst ranking (Pareto analysts Tormod Høiby and Frank Harestad)
Ranked no. 2 on Technology by Kapital (Pareto analyst Mikael Clement)
Ranked no. 2 on Banking and Insurance by Kapital (Pareto analyst Carl Erik Sando)
Ranked no. 3 on Cruise and Shipping in the Prospera analyst ranking (Pareto analyst Per Didrik Leivdal)

2001:

Ranked no. 1 on Oil by the Kapital analyst scoreboard (Pareto analyst Tormod Høiby)
Ranked no. 1 on Energy in the Reuter "European Smaller Company Survey" (Pareto analyst Tormod Høiby)
Ranked no. 1 on Oil & Offshore in the Prospera analyst ranking (Pareto analysts Tormod Høiby and Frank Harestad)
Ranked no. 1 on Banking and Insurance by Kapital (Pareto analyst Carl Erik Sando)
Ranked no. 2 on Technology by Kapital (Pareto analyst M. Clement)

2000:

Ranked no. 1 on Banking and Insurance by Kapital (Pareto analyst Carl Erik Sando)
Ranked no. 2 on Telecommunications in the Prospera analyst ranking (Pareto analyst Nils Kasper Lodden)
Ranked no. 3 on Telecommunications by Kapital (Pareto analyst Nils Kasper Lodden)

FINANCIAL ADVISORY SERVICES ANCHORED IN INDUSTRIAL KNOWLEDGE AND PROXIMITY TO INVESTORS

Pareto Securities, as an independent financial adviser, offers a complete range of financial services, from equity and fixed income offerings, stock exchange listings and placings, to mergers/demergers and acquisitions/sales of businesses or companies.

As is the case with our research activities, our advisory activities are based on a long-term approach and in-depth knowledge of the industries on which we focus. Our offices in Oslo and Stavanger give us proximity to the most important industrial environments in Norway, and we have an adviser team comprising people with extensive management experience from industry, consultancy and the capital market.

Pareto Securities primarily focuses on listed businesses and businesses with the potential to achieve a listing within a reasonable time horizon. However, we cooperate closely with Pareto Private Equity, Pareto Eiendom and P.F.Bassøe in order to also service companies in an earlier phase of development, and to utilise the resources and network of the Group.

Over the last five years, we have completed about 250 major projects, covering a broad range of industries, businesses

and project types. An overview of selected transactions is set out below. The selection illustrates the scale of our business, as well as the scope of our qualifications. Our share of the overall advisory services revenue reported to The Financial Supervisory Authority of Norway demonstrates that we are one of the largest players in the country.

BOND ACTIVITIES – AN IMPORTANT ASPECT OF OUR PRODUCT RANGE

Pareto is Norway's leading independent player in the Norwegian bond market. This involvement enables us to offer our corporate customers debt financing. We also offer Norwegian and international investors investment opportunities in fixed income securities.

Like our equity activities, our bond activities are based on thorough research. This ensures trust on the part of investors and issuers. Over the last two years, Pareto has managed about NOK 60 billion worth of debentures, which made us the main player in Norway during both 2002 and 2003.

Within the secondary market, our market shares are largest within the areas on which we focus, i.e. within banking, financing and mortgage companies, manufacturing industry and trade, as well as selected foreign bonds.

Offerings and listings, M&A, valuations and international transactions during 2003

| MONTH | CUSTOMER/COMPANY | TRANSACTION | NOKM |
|-----------|-----------------------------|--|-------|
| January | Pan Fish | Offering/convertible bond | 1,625 |
| January | Nordlandsbanken | Voluntary offer from DnB | 1,043 |
| February | Sinvest | Convertible bond | 504 |
| March | Odim Seismic | Private placing | 16 |
| March | Lars Høie | Mandatory offer for NutriPharma | 79 |
| March | A. Wilhelmsen | Voluntary/mandatory offer & comp. acquisition of Awilco | 766 |
| April | Elkem | Sale of shares of Salten Kraftsamband | 365 |
| May | Actinor Shipping | Redemption of bonds, sale of vessel | 500 |
| May | Infineon | Acquisition of Sensoror ASA | 280 |
| June | City of Oslo | Sale of 54% of Hafslund ASA | |
| June | Acta Holding | Sale of Acta Bank ASA | 50 |
| June | Sense Communications | Voluntary offer from Reitangruppen AS | 310 |
| August | Bourbon Maritime | Mandatory offer & comp. acquisition of Havila Supply ASA | 432 |
| August | Sparebanken Sogn & Fjordane | Voluntary offer for Sparebanken Bremanger | 60 |
| September | Crew Gold Corporation | Convertible bond | 120 |
| September | Eidsiva Energi | Merger between HEAS, HrE and LGE | |
| September | R E C | Offering/convertible bond | 300 |
| October | Verdibanken | Incorporation and public offering | 85 |
| November | Protector Forsikring | Incorporation and private placing | 120 |
| November | Sinvest | Private placing | 20 |
| November | Aker Energy | Sale of company | 90 |
| November | Ocean Rig | Offering | 98 |
| November | Axxessit | Offering | 115 |
| November | DOF | Offering | 87 |
| December | Lerøy Seafood Group | Private placing | 88 |
| December | Sandnes Sparebank | Rights offering | 162 |
| December | Catch Communications | Private placing | 89 |

Our interest rate and credit research forms an integral part of our research product. We believe that equity analysts must have first-hand knowledge of the opportunities available to companies as far as loan capital is concerned, in order for them to fully appreciate their scope of action within the equity market. Moreover, we take the view that credit analysts benefit from cooperating with equity analysts, who possess a wealth of company-specific knowledge.

An important implication of this approach is a broad range of qualifications in terms of both advisory services and sales. Consequently, Pareto is well placed to carry out transactions involving, not only equity and debt, but also structured products like convertible loans, equity or bond offerings with pre-emptive rights attached, and fully or partly guaranteed equity products.

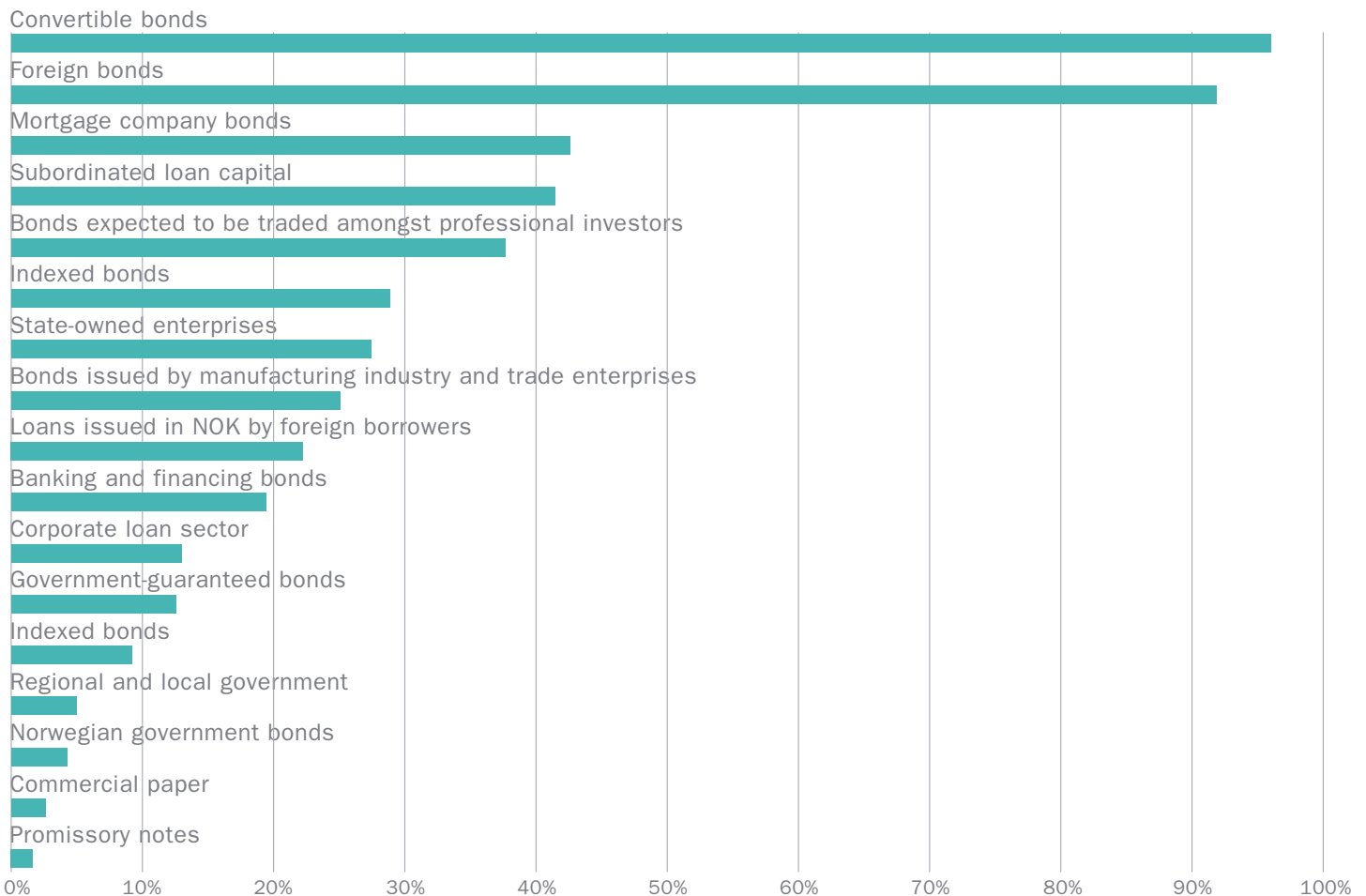
THE YEAR IN BRIEF

- 2.5% growth in brokerage fee revenue from equity brokerage
- One of the main players in the Norwegian market, with 8.0% of overall brokerage fee revenue
- 20.5% growth in revenue from bond brokerage
- Position as leading player maintained
- One of Norway's leading financial advisers
- Completed 80 transactions

OUTLOOK FOR 2004

Despite difficult market conditions, Pareto Securities managed in 2003 to maintain a leading position. This applies to both the secondary market for shares and bonds, as well as to the market for financial advisory services. We believe that we can further strengthen our position by continuing to focus on industries wherein Norway enjoys inherent advantages, and by basing our activities on analyses founded on thorough and detailed knowledge.

Pareto market shares in the secondary market





Pareto Private Equity ASA

**Dronning Maudsgate 3
PO Box 1396 Vika
NO 0114 Oslo Norway
Tel +47 22 87 87 00**

**Revenue 2003:
NOK 78 mill
Employees: 24**

**Managing director:
Anders Endreson
anders.endreson@pareto.no
www.pareto.no**



PARETO PRIVATE EQUITY ASA

PARETO PRIVATE EQUITY ASA

Pareto Private Equity offers project finance services within real estate and shipping, as well as corporate finance services with an emphasis on shipping, real estate and non-listed companies. The company's staff is highly qualified, and boasts extensive experience from shipping, real estate, finance and consulting. Pareto Private Equity is solution-oriented. The company enjoys a comprehensive client and investor network domestically and abroad.

Pareto Private Equity is the parent company of Pareto Eiendom, which is engaged in the sales and letting of commercial property, and of Pareto Management, which offers business management services to single-purpose companies. In addition, Pareto Management acts as business manager to several of the Pareto companies.

SERVICES: PROJECT FINANCING WITHIN REAL ESTATE

Pareto Private Equity ASA has been syndicating real estate projects since the late 80s, targeted at strategic and financial investors. As an alternative to investments in shares, bonds and bank deposits, direct investments in real estate have generally speaking offered a highly attractive yield. However, within this area, as within many others, it is important to command experience and knowledge of the market in which one is investing. Real estate is, and will always be, a local business, and is often characterised by a long-term investment perspective. Pareto Private Equity has been active in the Norwegian market for 15 years, and has accumulated qualifications and experience that benefit investors in the selection and implementation of new real estate projects.

Pareto Private Equity can offer direct investments in real estate that feature an expected annual return on equity in the 10 – 16% range.

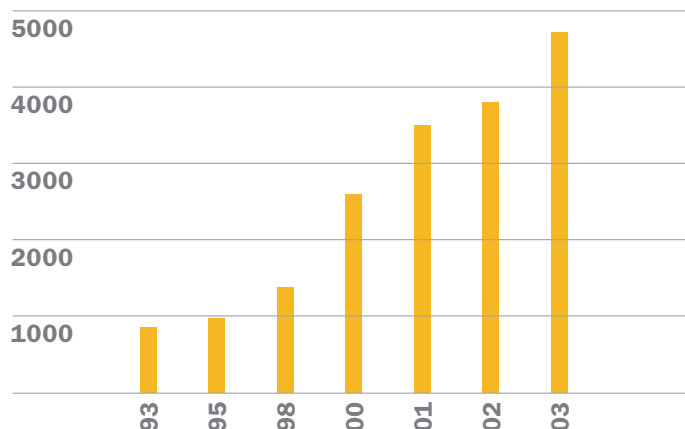
Our real estate portfolio mainly comprises large office premises and dual-purpose buildings (warehouse/office), but also features a more limited range of shopping and hotel premises. Our strategy has been to focus on long leases, solid tenants and modern properties in a central location. As the remaining fixed lease term of our portfolio is in excess of 10 years, we benefit from some of the longest leases of any real estate company in Norway. This is, and will remain, our main strategy.

Average lease term:

| | |
|---------------------------|------------|
| Mustad Eiendom AS | 10.0 years |
| Pareto Private Equity ASA | 10.9 years |
| Entra Eiendom AS | 11.1 years |
| Pecunia AS | 11.3 years |

The companies that make up the Pareto real estate portfolio feature a remaining lease term of 10.5 years.

A typical investment in one of our real estate projects will normally entail an equity payment of approximately NOK 300,000 – 600,000 per 1% minimum share. Pareto Private Equity follows up on each individual project throughout its lifespan in order to have complete information as to ongoing valuation and trading in the secondary market. Half-yearly/quarterly reporting provides each investor with updated information as to investment status.



Development in the value of the real estate portfolio. Pareto's real estate portfolio currently comprises 24 properties. The overall value of the properties is approximately NOK 4.1 billion, which implies an average value per property of NOK 160 mill.

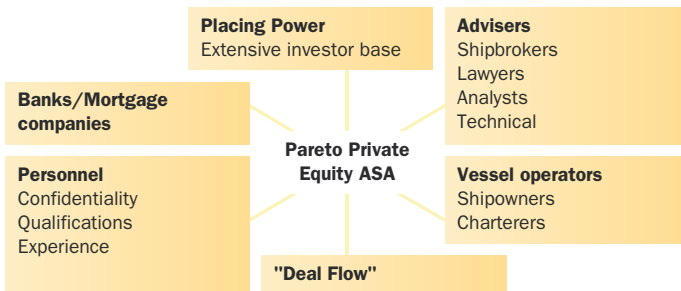
PROJECT FINANCING WITHIN SHIPPING

Syndication of shipping projects formed the basis for the establishment of Pareto. We have continued to evolve this area, and currently command considerable experience and knowledge of the syndication of shipping projects. We act as advisers in connection with the sale/acquisition of companies, mergers/demergers and equity offerings. Moreover, we cooperate closely with Pareto Securities on assignments that involve flotation and major equity offerings.

We have thus far managed more than 200 shipping projects, and currently feature a portfolio of approximately 20

active companies.

As an independent and long-term financial partner, Pareto Private Equity aims to offer shipping projects as an attractive financial investment. We are committed to offering projects with a high expected yield, combined with acceptable risk. Project investment in shipping is a highly attractive alternative to other forms of investment. Shipping is international in nature, and is not much influenced by developments in the Norwegian economy. From a portfolio perspective, shipping interests may therefore be an appropriate means of spreading risk. We stick with the project from A to Z, by way of a business management agreement with Pareto Management. Through regular reporting, investors are kept informed of developments on an ongoing basis.



Our main focus is on projects involving long-term charter parties with reliable and respected charterers, and on vessels with favourable specifications that are attractive in the market. This ensures that the projects benefit from attractive financing. We often collaborate with experienced managers/shipowners who also participate actively by assuming ownership interests in the project. This ensures optimal technical and commercial follow-up of the project.

We recognise that weak shipping markets create opportunities for new types of transactions, and many shipowners who previously operated in competition with each other are now seeking cooperative solutions and mergers. Pareto Private Equity follows this market, drawing on its special qualifications for handling such situations.

CORPORATE FINANCE

Pareto Private Equity has a dedicated team offering corporate finance services with an emphasis on shipping, real estate and non-listed companies. Over the last 4 years, Pareto Private Equity has assisted our clients in completing more than 50 private corporate finance transactions, and we have accumulated considerable experience of what are the critical factors in such private transactions

We wish to be the preferred partner of companies within our core areas: oil/offshore/shipping, marine/biotechnology, manufacturing industry/trade and IT/telecommunications/media. Our clients are offered access to a large national and international investor base, hereunder active venture/private equity investors, strategic investors and financial investors.

Our investors have access to attractive projects from a broad network of leading industrial players, and we also contribute actively to the projects between transactions.

Equity offerings

- Private placings, mezzanine and convertible loans
- Venture and growth financing
- Preparing for stock exchange listings and public offerings

Mergers and acquisitions

- Acquisitions and sales of businesses and shareholdings
- Mergers and demergers
- Buy-outs (LBO/MBO)
- Public-to-private transactions

Financing

- Financing of acquisitions
- Project financing

Advisory services

- Strategic advice
- Preparing for stock exchange listing
- Strategy for private, family-owned companies; generational change
- Valuations

Financial restructuring

- Restructuring and reorganisation of companies that find themselves in financial difficulties, hereunder raising new equity, establishing sale-and-leaseback solutions, and negotiating with banks.

PARETO MANAGEMENT AS

Pareto Management offers business management and accounting services, to both single-purpose investment companies and larger companies.

Pareto Management offers accounting services, tax advice, and guidance in connection with the annual accounts. Pareto Management has extensive experience in providing business management to many different types of company – including both limited partnerships and limited companies. The company is currently the business manager of 55 investment companies within shipping and real estate. In addition, Pareto Management is the business manager of several of the companies within the Pareto Group.

2003 IN BRIEF

2003 has been a very active year, especially the second half. Pareto Private Equity has syndicated new real estate projects worth approximately NOK 1.7 billion.

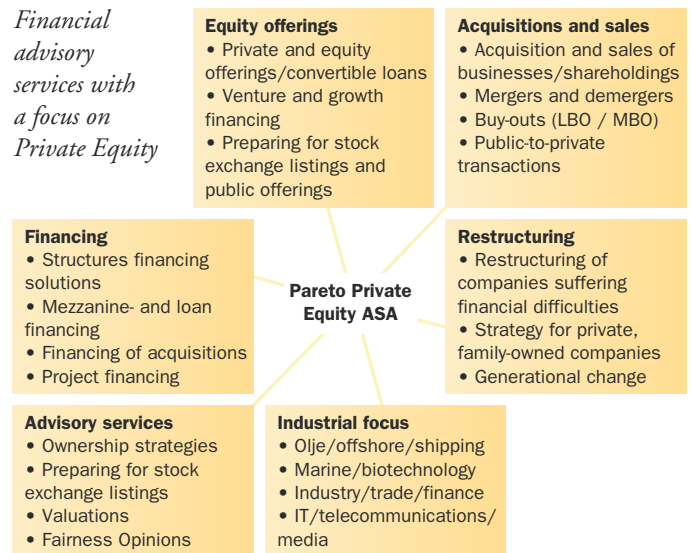
Pareto also saw considerable involvement in shipping during 2003. It remains challenging to identify shipping projects

that offer an optimal mix in terms of risk profile and yield potential. One therefore spent considerable time on assignments involving elements of both project finance and corporate finance.

Within the corporate finance area, the beginning of the year was characterised by a difficult financial market. However, we saw a significant upturn in activity during the second half. Examples of transactions completed during 2003:

- Convertible debentures, NOK 290 million, Renewable Energy Corporation AS (REC)
- Convertible debentures, NOK 120 million, Crew Development Corp
- Offering, 70 million, Protector Forsikring AS
- Sale of Johan Vinje Stål AS to CCB Stål AS
- Adviser to Roxar ASA in connection with the acquisition by Lisme AS of the shares of the company, as well as its de-listing from the Oslo Stock Exchange

Financial advisory services with a focus on Private Equity



Compared to developments in terms of the OSEBX and our sample of traded shares (Steen & Strøm ASA, Olav Thon Eiendom ASA, Industrifinans Næringseiendom ASA, Avantor ASA and Eiendomsspar AS) since 1 January 1998, Pareto's real estate index has done very well. The index is based on value-adjusted equity, not adjusted for dividends to partners/shareholders. Since January 1998, the index has gained 67% (to 167). This corresponds to an annual yield of approximately 10%.

PARETO EIENDOM AS

Pareto Eiendom was established in 1995 and has 5 brokers, who all work with commercial property brokerage. The company focuses on the sale of larger commercial properties, such as offices, warehouses, manufacturing premises, hotels, trade premises/shopping centres. We are also involved in letting activities within the segment offices and offices/warehouses. Pareto Eiendom effects the sale of properties throughout Norway, whilst the letting assignments are concentrated on the Oslo region.

Pareto Eiendom adopts a long-term philosophy in its work, focusing on high quality in the implementation of its projects. The bulk of its business in recent years has been the brokerage of properties valued in the NOK 40 – 500 million range. Pareto Eiendom benefits from long and extensive experience from the Norwegian property market. The company is much used as an adviser in connection with project evaluations and strategic assessments.

Developments in the interest rate market over the last year has resulted in an increased focus on real estate as an investment, which has contributed to a repricing of financial real estate projects. Pareto Eiendom has been particularly active within this segment, as well as within different types of sale & leaseback. Our real estate and financial resources, combined with a very extensive network, ensures that the client benefits from the transaction being managed in the best possible way, thereby achieving the best terms available in the market.

THE LETTINGS MARKET

Since 2000, the lettings market has suffered greatly from mounting vacancies and falling rents. In some cases one has registered a fall of about 50% in rent levels. A number of new buildings were constructed during the 1995 –2000 period. In order to cater for expected future growth, tenants entered into leases for more floorage than their current needs would dictate. When the expected growth failed to materialise, a considerable amount of excess floorage accumulated over a relatively short time span. Vacant floorage was dumped in the market through numerous sub-leases, which contributed to the downward pressure on rents. Following an extended period of falling rents, estimated vacancies in Oslo and Akershus now stand at about 11%, and there are certain indications that rents are about to bottom out and may be heading for a modest appreciation. This reflects stabilising unemployment, limited newbuilding activity in recent years, and a recurring tendency to absorb more floorage per employee.

Developments have been less dramatic in the market for combined office/warehouse premises. The relationship between supply and demand has been relatively stable over an extended period of time, and the rents commanded by such properties have only contracted marginally. At present, it is our assessment that there are certain areas where modern combined properties, which satisfy current requirements as to functional logistics solutions, are not available. This will contribute to a potential for increased future rents for the right kind of property.

THE INVESTOR MARKET

As a result of the steep fall in interest rates over the last year, it is our experience that many investors are seeking alternative investment forms, hereunder real estate. This has contributed to an increased focus on the "right kind of property"; properties featuring reliable tenants on long leases. Such properties have seen a considerable fall in yields (net yield on purchase price). The market for such properties is much influenced by professional managers, who tailor projects to investors wishing to invest in a holding in different real estate projects. Competition amongst such purchasers for the right property has mounted, thus contributing to sales records over the last year, with yields almost down to 6%. One expects a somewhat higher interest rate level during 2004, with some increase in the yield on financial real estate projects.

However, the market has become increasingly differentiated over the last year. Properties with short and medium term leases are very difficult to finance. The yield on such properties has not declined much, despite the positive developments in the interest rate market during the same period. The potential gain from developing properties, including getting tenants for the building, is now considerable. This reflects the large differential in the pricing of buildings let on short vs. long leases. Consequently, we have recently noted somewhat more willingness to invest in properties with some vacancies and short leases.

Rents and yields in the Oslo market

1. The table indicates the rent level for commercial properties. Individual differences in terms of location, standard and contractual arrangements may result in rents varying more than indicated by the stated intervals. 2. Net yield is defined as gross rental income less owner's costs, divided by property value.

| Property description | Rent level | Net yield |
|-----------------------|---------------|-----------------------|
| Very reliable tenants | 15 – 20 years | Market rent 6.2 – 6.6 |
| Very reliable tenants | 10 – 20 years | Market rent 6.5 – 7.2 |

Property description

| Property description | Rent level |
|----------------------|--|
| Prestigious | Aker Brygge and Vika 1,800 – 2,100 |
| High standard | Central Oslo West – Vika 1,400 – 1,800 |
| High standard | Central Oslo elsewhere 1,200 – 1,400 |
| Ordinary standard | Central Oslo 1,000 – 1,200 |
| High standard | Lysaker and Skøyen 1,200 – 1,500 |
| High standard | Nydalen 1,100 – 1,400 |
| High standard | Bryn, Økern and Helsfyr 1,000 – 1,200 |
| Oslo | Warehouse, 6 m headroom 600 – 750 |





PARETO FORVALTNING ASA

Pareto Forvaltning ASA

Dronning Maudsgate 3
PO Box 1810 Vikta
NO 0123 Oslo Norway
Tel +47 22 87 87 00

Total assets under
management:

NOK 11 bill

Norwegian shares:

NOK 4,2 bill

Norwegian interests:

NOK 6,8 bill

Employees: 12

Managing director:

Petter W. Borg
petter.borg@pareto.no
www.pareto.no

PARETO FORVALTNING ASA

A long-term perspective, fundamental analysis and consistency characterise our asset management philosophy, which confirms our success after 9 years of operating in the securities market. Our investments are based on a careful and selective investment strategy, and have over time offered an attractive excess return when compared to index and a risk-free interest rate.

PARETO FORVALTNING ASA – ASSET MANAGEMENT FOUNDED ON LONG AND EXTENSIVE EXPERIENCE OF THE NORWEGIAN SECURITIES MARKET

In spring 1995, Pareto Fonds became involved in active asset management. As a result of the growth of this business and our desire to focus on the asset management market, Pareto Forvaltning ASA was established in autumn 1998.

The company offers active management and fund management, as well as business management to investors in the securities market. The customers are large and medium-sized entities within the private and public sectors, pension funds, foundations and high net worth individuals. The company has 10 asset managers/strategic advisers, with an average of 15 years' relevant experience. Two employees are involved with business management. Other services like analysis, settlement services, technology and accounting are outsourced to Pareto Securities and Pareto Management.

As per the end of January 2004, Pareto Forvaltning operated services within the areas of business management and asset management totalling NOK 13 billion, of which active management and mutual funds accounted for NOK 11 billion.

OUR SERVICES INCLUDE STRATEGIC ADVICE AND THE MANAGEMENT OF COMMERCIAL PAPER, BONDS AND SHARES IN THE NORWEGIAN SECURITIES MARKET

We offer our customers asset management in the market for listed securities, through the investment service Active management or through the fixed income funds *Pareto Likviditet*, *Pareto Obligasjon* and *Pareto Høyrente*, as well as the equity funds *Pareto Aksje Norge* and *Pareto Aktiv*.

Many investors wish to handle all or part of their asset management by themselves. Limitations within their own organisation in terms of, for example, qualifications and systems, may complicate such an approach. In addition to traditional asset management, we can offer Business management, whereby Pareto Forvaltning becomes a strategic partner contributing to the invest-

or's asset management resources. This is a flexible and attractive concept for larger investors, who see the value of outsourcing part of their activities, whilst at the same time maintaining a high degree of control of, and influence over, the various stages of the investment process.

In addition, we have developed an asset management service for debt instruments, *Liability management*, whereby we handle complex debt portfolios for larger customers in terms of tender processes with financial institutions, interest rate risk management, and reporting.

A LIMITED NUMBER OF CUSTOMERS PERMIT CLOSE FOLLOW-UP, WITH A FOCUS ON INDIVIDUAL ASSET MANAGEMENT SOLUTIONS

Every investor has a unique risk profile. Hence, effective and risk-calibrated asset management should be founded on individual asset management solutions. Our asset management concept is to provide a combination of asset management service modules, which can be tailored to the various needs and risk profiles of customers.

Our choice of service concept, characterised by close and individual follow-up, distinguishes us from the mass market. Due to favourable asset management performance in recent years, Pareto Forvaltning has seen considerable growth despite a difficult securities market. We currently manage NOK 11 billion in the Norwegian securities market, of which NOK 4.2 billion in the stock market.

Our high performance can mainly be attributed to our asset management style, as well as the fact that we handle a limited volume within the Norwegian stock market. If an asset management company becomes too large a player in the market, this may hurt return as a consequence of a wider portfolio. Consequently, our strategy ahead will entail organic and controlled growth.

A CONSERVATIVE, CONSISTENT AND LONG-TERM STYLE OF ASSET MANAGEMENT

”To have the courage and conviction to put all the eggs in one basket”

Warren Buffet

Proximity and a thorough understanding of our investments are at the core of our asset management philosophy. Asset management is based on meticulous internal analysis. The number of investments in the Norwegian stock market will be kept at a limited level, with normally 15 - 20 different positions. Our investments are aimed at companies characterised by effective operations, sober pricing and a robust balance sheet. It is our view that sufficient risk diversification is achieved at such number, whilst at the same time permitting thorough and continuous follow-up of each individual investment. At the core of our asset management philosophy are investments in companies boasting stable returns, profits and dividends over time.

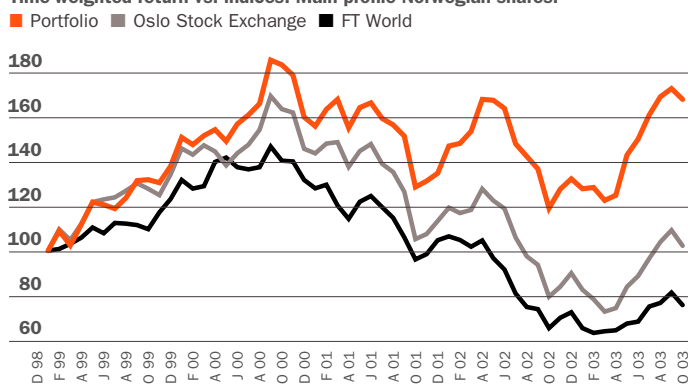
Our Internet reporting makes the required information available at any time - day and night- and will offer daily updated reporting based on the Oslo Stock Exchange closing prices as per the previous business day. Available updated reports will include detailed portfolio reports, yield reports and consolidated contract notes.

ANNUAL AVERAGE RETURN OF 13%

Our first customer joined us in August 95, and we are delighted that this customer remains a satisfied customer through our investments in the Norwegian stock market. Acceptance and appreciation of a long-term approach and a value-oriented asset management philosophy has resulted in high performance.

Our customer has over this period seen an annual average return of 13%, reflecting a significant excess return as compared to the 5.5% return on bank deposits. The Oslo Stock Exchange has generated an annual average return of 4% over the same period.

Time-weighted return vs. indices. Main profile Norwegian shares.



It follows from the graph above that our portfolios, despite a very challenging stock market over the last five years, has generated an overall positive return of 89%. This represents a significant excess return of 67 percentage points when compared to the Oslo Stock Exchange, which during the same period offered a return of 22%. When compared with the worldwide index FT World, which fell by as much as 18% during the same period, this amounts to an excess return of 107 percentage points.

2003 – THE YEAR IN BRIEF

- Good inflow of new asset management assignments and a stable customer pool
- Successful effort within institutional asset management
- Solid growth in terms of assets under management (fixed income and shares)
- Favourable return figures on both our stock and fixed income portfolios
- Merge of Pareto Forvaltning and Pareto Fondsforvaltning
- Fruitful cooperation with DnB Privatbank on the management of equities

2003 – A YEAR OF STEEP FALLS IN INTEREST RATES AND RECORD RETURNS IN THE STOCK MARKET

After three weak years in the Norwegian stock market, the Oslo Stock Exchange posted record returns in 2003. With a gain of almost 50%, we have to go back to 1993 for corresponding performance. However, it is more important to note that since the composite index was introduced in 1983, the Oslo Stock Exchange has rendered an annual return of about 13%, which translates into an annual excess return above bank interest rates of 5.5 percentage points.

Many investors who have entered the market after 1997, will surely have experienced a level or falling trajectory. Nevertheless, a number of listed limited companies have been returning handsome profits during this “level” period, and for several of them it is reasonable to expect a different pricing when looking forward.

As a result of a favourable return history, asset management philosophy, and working method, with a focus on risk management and control, we experienced considerable growth in the company’s assets under management during 2003. We have been entrusted with many new mandates in the Norwegian fixed income and equity markets, especially from the public sector.

THE OUTLOOK FOR 2004 – HOW TO ADAPT TO A CLIMATE CHARACTERISED BY LOW GROWTH, LOW INFLATION AND LOW INTEREST RATES?

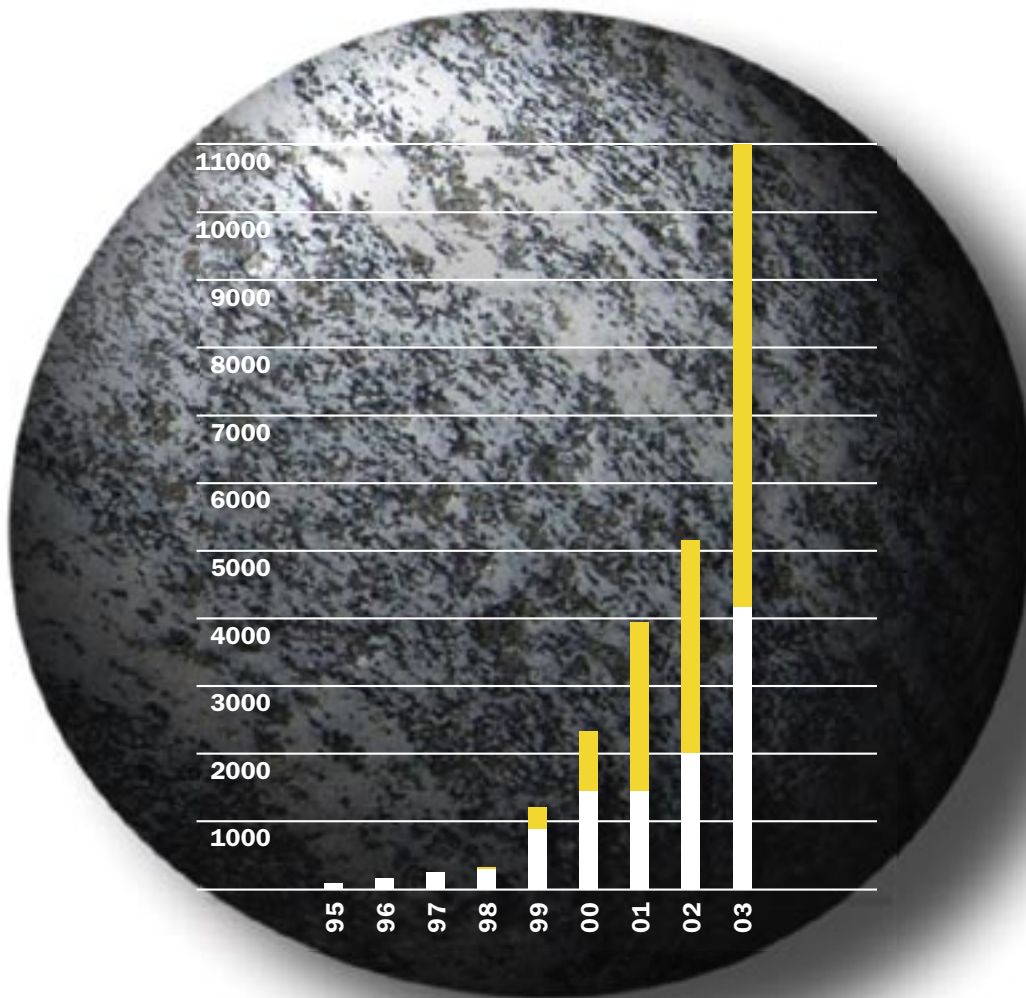
The OECD expects the world economy to experience a healthy rebound, following the contractions in recent years. The US is expected to grow by 4% in 2004, one of the highest growth rates amongst industrialised countries. Growth in Europe and Japan is expected to be in the vicinity of 2%. The Norges Bank estimates growth over the next few years to be in the region of 2.5 – 3%. As forecasts from other sources are at the same level, we assume that Norway will be experiencing relatively low growth for quite some time to come.

The risk of deflation would appear to have been dissipated in the USA and Europe, and the OECD is now expecting retail prices to increase by 1 – 2% in 2004. In Japan the central bank

has yet to launch sufficiently effective measures, and the country is likely to have to continue its struggle against falling prices. Long-term expected inflation does not deviate significantly from the Government's monetary policy inflation target for Norway (2.5%). As a consequence of a volatile securities market over the last five years, with investors seeing mixed returns, we expect that one will in 2004 attach considerable importance to strategic asset allocation and professional asset management based on managing risk.

How should one then adapt to a climate characterised by low growth, low inflation and interest rates at an all-time low? Pareto Forvaltning has chosen a solution comprising "building blocks". We have always recommended our customers to think high

quality on the fixed income side and high quality on the equity side, and then to manage risk through the proportions allocated to the various classes. Our current "building blocks" may, as a matter of simplification, be described as a three-pronged assets management structure. Short interest-bearing money (up to 1 year) are held in cash/the money market, long interest-bearing money (1 – 3 years) are held in bonds, and shares will be the solution for patient money with a time horizon of more than 3 years. The size of each block has to be determined on the basis of each investor's ability and willingness to assume risk.



ASSETS UNDER MANAGEMENT 1995-2003. YELLOW BAR: FIXED INCOME. WHITE BAR: SHARES (NOK MILLION)
 OUR CONSERVATIVE PROFILE AND SOLID RETURN PERFORMANCE HAS CREATED TRUST, AS DEMONSTRATED BY
 OUR ANNUAL GROWTH RATE OF 120%.



P. F. Bassøe AS

**Dronning Maudsgate 3
PO Box 1723 Vika
NO 0121 Oslo Norway
Tel +47 22 01 08 00**

**Revenue 2003:
73,4 mill
Employees: 29**

**Managing director
Einar Danbolt**

**einar.danbolt@pfbassoe.no
www.pfbassoe.no**

P F BASSØE AS

Our services are anchored in a thorough knowledge of the markets in which we operate. We strive to add value to our customers through creativity, a long-term perspective, quality assurance and availability. We seek to expand and develop our range of services within market segments where we enjoy comparative advantages. In a volatile market, we are of the view that it is important to combine intuition and decisiveness with an analytical approach.

P.F. Bassøe provides broking of vessels, oil cargoes and freight derivatives, within all tanker segments from VLCC to 20,000 tonne product tankers. Our customer base is international, with an emphasis on clients in Korea, Hong Kong, Singapore and Greece, as well as in the Scandinavian countries.

CHARTERING

We are heavily involved in the transportation of both crude oil and refined products throughout the world. The customer base comprises international oil companies and shipowners. Crude oil is shipped from the large export regions in the Middle East Gulf, West Africa and the North Sea, for discharge in both the western and eastern hemisphere. Refined products are also transported throughout the world, with an emphasis on loading in Europe and the Middle East Gulf.

Our customers in all time zones are kept informed of market developments on an ongoing basis, and our staff of experienced brokers is always available to assist the customer when oil is to be transported. We also attach considerable weight to following up the transport assignment after the commercial terms have been agreed. Our operations department is made up of skilful personnel with experience from seafaring and from shipowners' offices.

Our chartering department has chartered 140 VLCCs, 63 Suezmax tankers and 128 Aframax tankers during the course of the year, as well as 86 product tankers (from August).

SALE & PURCHASE

Our business is international in character within this area as well. Our worldwide client base comprises both buyers and sellers of tonnage, although with an emphasis on customers in Greece, Hong Kong and Singapore, as well as in the Scandinavian coun-

tries. Apart from performing actual sales transactions our role is to keep the customer informed of potential sales candidates, and to render visible the market value of the customer's existing fleet.

Work within the department also includes various advisory, corporate and consultancy assignments. Apart from publicly listed shipowners, our clients include banks and various investor groups.

Amongst this year's transactions are the sale of nine VLCCs and three Suezmax tankers between international clients.

The sale & purchase department is also active within the long-term chartering of tanker tonnage. During the course of the year we have arranged bareboat and time charters for VLCC and Suezmax tonnage totalling 20 and 10 years, respectively.

FREIGHT DERIVATIVES

The derivatives market for tankers has been growing rapidly over the last two years, and growth is expected to be sustained. Bassøe has established a position as one of the most active brokers within this market, with a varied customer base covering the US, Europe and Asia. The nature of the market has changed, and it now appears significantly more dynamic and active than was the case only 12 months ago.

The derivatives department works closely with the chartering and research departments, and its brokerage is in large part based on in-depth knowledge of the underlying market. In an immature and growing market, this type of information is of critical importance in terms of making the correct decisions at the correct time - in a market that at times is highly volatile.

Our role as brokers in this market is to keep customers continuously updated on prices, trades and market driving information - in addition to advisory services relating to risk management through the use of derivatives in an increasingly volatile underlying market.

RESEARCH

Market research is an important support service to both customers and our own brokers. The research work entails ongoing market surveillance, forecasts and in-depth surveys of segments and trends within our markets. The objective is to help the customer by way of the best possible information as to developments affecting important aspects of the framework facing the tanker market. In addition, we aspire to be a competency centre and a discussion partner in order to thereby increase our customers' scope for making the best possible decisions, on the shipowning, the chartering, as well as the derivatives side. As part of this work, we prepare research both on a regular basis and ad-hoc, and we make presentations. In addition, we have been used as experts on the market side in connection with public prospectuses. We cooperate closely with Pareto Securities, and deliver services to the company and its customers.

THE TANKER MARKET IN 2003

Last year was a great year for the tanker market, although characterised by very considerable volatility even by the standards of this market. The first half was dominated by two extraordinary circumstances – preparations for the war in Iraq and the strike in Venezuela. The build-up to the war in Iraq took place during a period with a very tight oil market, which resulted in players becoming even more nervous than would normally be the case, about a war embroiling the entire Middle East region, thereby giving rise to considerable oil supply disturbances. It was therefore important to get as much oil as possible shipped out of the region in advance, which increased the demand for tonnage. December and January saw the large strike in Venezuela, which is an oil producer comparable in scale to Norway. Virtually no exports were made from the country during the course of a full two months. In order to compensate for such shortfall, production in the Middle East had to be increased even more. The considerably longer shipping distances entailed an increased need for tanker tonnage. When combined with the situation in Iraq, the first quarter became the second most profitable since the early 1970s.

During the course of the summer, the market fell back quite a bit, in line with normal seasonal variations, and as a result of the normalisation of circumstances in Iraq and Venezuela.

However, the autumn market and the early winter have been very favourable, confirming that tonnage balance in the tanker market remains very tight. The world economy is demonstrating considerable strength, which has affected oil consumption to an increasing extent. Growth in the Chinese economy has been explosive, and as a net importer of oil the effects thereof have had a direct impact on the tanker market. The US economy is also on a rebound, and positive developments for the world's largest consumer of oil is of considerable importance to our markets.

In addition, the strong focus on quality tonnage and the scrapping of older vessels continues. Approximately 30 VLCCs were sold for scrapping, about the same volume as was delivered in the form of new tonnage. This implies that there has been little growth in terms of transportation capacity. The trend towards a swift phase-out of older tonnage was further intensified through the EU's decision to impose a total ban on single-hull tonnage built prior to 1980 with immediate effect from autumn 2003. The EU's final date for phasing out all single-hull tonnage is 2010. This currently includes more than 40% of the tanker fleet, and amounts to a considerable tightening as compared to the IMO (the UN body charged with shipping regulations), which has given 2015 as the final date.

Developments in the tanker market are inextricably related to developments in the world economy and in political circumstances, thus implying much volatility. This makes it difficult to make assumptions about the future. At present there would appear to be more factors working in favour of the industry than has been the case for quite some time.

THE YEAR IN BRIEF:

- 84% increase in turnover (2003: 73.4 million, 2002: 39.9 million)
- Position as one of the world's leading players within the chartering of VLCC tonnage maintained
- Probably "broker of the year" within the sales of UL/VLCC tonnage, with 9 units sold
- Amongst the leading brokers worldwide on freight derivatives within tankers
- Established a department for charter brokerage of product tankers
- Position as leading analyst of the tanker market reinforced.





NORDIC PARTNERS INC



Nordic Partners Inc
Member of the NASD

488 Madison Avenue,
17th floor
New York, NY 10022, USA
Tel: +1 (212) 829-4200

Employees: 11

Managing director
Anders Linquist
anders.linquist@
nordic-partners.com
www.nordic-partners.com

NORDIC PARTNERS INC

Nordic Partners Inc. is a joint venture between three leading Nordic brokerages; E. Öhman J:or Fondkommission AB of Sweden, Evli Bank Plc of Finland, and Pareto AS. Together, the three companies offer access to all the Nordic markets under one joint name.

LEADING POSITION IN THE NORDIC SECURITIES MARKET

Nordic Partners was established in 1998 as a distributor of the products and services of its owners in the North American market. The joint venture partners had an overall turnover of US\$ 168 million in 2003. The overall number of employees in the consortium as a whole is 531.

Nordic Partners is a very strong player in the Nordic market for securities. In the independent UK company AQ Publication's ranking of Nordic brokerages, Pareto came out on top in Norway, Öhman in Sweden, and Evli in Finland. The three companies scored a number of firsts in the ranking of best brokerages in terms of recommendations and profit estimates in their respective markets.

EXPERIENCED TEAM BASED IN NEW YORK

The company is based in New York. It has achieved a strong position as a broker of Nordic shares amongst North American institutional investors. The team comprises Nordic specialists on shares and bonds, with wide-ranging experience from both local markets as well as US companies. Through the three Nordic brokerages, Nordic Partners has access to more than 50 analysts, many of whom are accredited with top rankings within their respective sectors. The three companies tie Nordic Partners into a trading network based on membership of the Oslo Stock Exchange, the Stockholm Stock Exchange, the Helsinki Stock Exchange and the Copenhagen Stock Exchange. Its extensive local network of

contacts enables the company to offer first-rate research from all the Nordic markets to a broad international customer base with a focus on the Nordic region.

Nordic Partners also offers its customers the opportunity to trade on US stock exchanges, as well as an important flow of timely information to the local markets.

2003 – THE YEAR IN BRIEF

- In the first half, Pareto AS acquired 9.8% of the shares of Nordic Partners Inc.
- Four new key personnel were employed in order to meet US investors' need for more information and service.
- Revenues increased by 35% sequentially from quarter to quarter.

OUTLOOK FOR 2004

There is every reason to take an optimistic view of the future. US investors have very considerable confidence in Nordic companies, and we are noting an increased appetite for international funds as the US dollar weakens. A significant part of such investments will be made in Nordic shares. Nordic Partners is well prepared for servicing such increased demand. Through its Nordic partners, Nordic Partners has a very powerful research product and considerable placing power at its disposal. The platform will be developed further with a view to offering customers and owners a more extensive and improved service, thus resulting in increased profitability.

Evli Bank Plc

Employees: 303
Revenue:
€ 57,8 mill

E. Öhman J:or Fondkommission AB

Employees: 87
Revenue:
SEK 150,6 mill

Pareto AS

Employees: 141
Revenue:
NOK 516,9 mill



WWW.PARETO.NO

FOR MORE INFORMATION, LOG ONTO WWW.PARETO.NO
OR SEND AN E-MAIL TO INFO@PARETO.NO.

PARETO.NO: BETTER INVESTMENTS IN A SIMPLER WAY

Pareto's clients have access to a number of financial services via our website Pareto.no (www.pareto.no).

It is our ambition to convey information, advice and services of a high quality, whilst at the same time offering improved service and availability.

Ever more clients use the Internet as an important channel for securities trading, and for keeping themselves informed about the market and Pareto's research.

We believe that our product represents the most attractive cost-benefit ratio in the Norwegian market at present.

On www.pareto.no, we offer the following main services:

IMPROVED BASIS FOR MAKING DECISIONS THROUGH PARETO'S RESEARCH

Pareto Securities is a research-driven brokerage. We attach great importance to our extensive research service, to which all our active clients can get access.

The objective of the service is to provide our clients with the best possible basis for making their investment decisions.

Some of the features offered by the research service are:

- Pareto's research, comments, reports and presentations
- Updated recommendations, key ratios, estimates and fundamental data for all the companies tracked by Pareto
- Current list of recommendations
- 'Pareto Rating Module' – our tool for rating companies through key ratios
- Notification service for research
- Today's technical recommendations, as well as an interactive module for own research

ONLINE STOCK TRADING: SWIFT, SIMPLE AND INEXPENSIVE!

Via Pareto.no, you can place your own orders directly on the stock exchange – swiftly, simply and inexpensively!

Electronic trading may be freely combined with traditional trading via Pareto's brokers, but our Internet service also works splendidly as a stand-alone product.

We have attached considerable weight to user-friendliness in the adopted solutions, and it is our experience that even clients with limited knowledge of PC-use rapidly become comfortable with trading on their own.

- Orders are sent directly to the stock exchange
- Price and market information may be accessed in real time
- Immediate confirmation of filled orders
- Good and readily understandable overview of portfolio, yield, orders, contract notes, etc.

- Sophisticated order types such as hidden volume and stop-loss
- Attractive terms
- Internet trading solution for US stock exchanges

PARETO REVOLUTIONISES THE BOND MARKET!

Pareto is alone in offering electronic trading in government bonds and commercial paper in the Norwegian market.

This solution entails orders being routed directly to the stock exchange in a simple and efficient way and at very low cost.

A positive side-effect when the proportion of the trades being effected directly on the stock exchange increases, is that it gives a more realistic impression of the market. We are also observing that the spread these securities decreases through the use of our solution. Government bonds also have sufficient liquidity to be traded on the stock exchange.

The main players in Norway are already satisfied users, and it has been gratifying to note the first foreign investment banks also having become active clients over the course of the year.

SPECIAL SOLUTIONS FOR TRADERS AND INSTITUTIONAL INVESTORS

Major investors and active traders tend to have different needs from private investors. Since Pareto's trading solution is integrated with our core systems, we can offer electronic trading that features all the options in terms of settlement, reporting, etc., that one is used to from before.

PARETO TRADER: THE MARKET IN REAL TIME

The Pareto Trader solution is offered to investors and traders who wish to follow the market continuously.

Pareto Trader is a professional work tool where market information is automatically updated in real time ("streaming data").

In addition to price information from the Oslo Stock Exchange, one may obtain news, futures, foreign indices, etc., in real time, and the solution will also offer an overview of one's orders and portfolio.

Shares are traded directly from the screen, and we also offer a "super trader functionality"/one-click trading for users who require especially fast execution.

For more information, log onto www.pareto.no or send an e-mail to info@pareto.no.



**DIRECTORS' REPORT
AND 2003 ACCOUNTS**

DIRECTORS' REPORT

BUSINESS OBJECTIVE

Pareto is to continue its development as a focused and profitable company. The directors and management of the company wish to found its business on respect and trust on the part of the company's customers, its competitors and the authorities.

EARNINGS

The revenues and earnings of the company improved significantly as compared to the previous year. The company reinforced its position within several focal areas.

Pareto's 2003 operating revenue amounted to NOK 516.9 million, as compared to NOK 458.3 million in 2002. Operating profits were NOK 264.6 million, as against NOK 164.3 million in 2002. Post-tax profits were NOK 139.1 million NOK, as against NOK 40.6 million in 2002.

The Board considers the earnings achieved in 2003 to be most satisfactory.

ACTIVITIES

The companies are involved in financial advisory services, securities broking, real estate and shipping, project development and asset management.

Pareto's main office is in Oslo. The activities of the group are primarily carried out through its subsidiaries Pareto Securities ASA, Pareto Private Equity ASA, Pareto Forvaltning ASA and P.F. Bassøe AS. Pareto AS is the parent company of the group.

GENERAL MARKET CONDITIONS

Following a couple of difficult years, characterised by low economic growth, uncertainty, and weak financial markets, a sea change took place in 2003. A rapid conclusion to acts of war in Iraq was followed by an upsurge in confidence, a resumption of economic growth, and an improvement in corporate earnings. At the same time, financial markets benefited from reduced risk aversion, with a distinct hike in share prices and narrowing credit spreads.

The economic upturn coincided with good productivity growth, but only modest employment growth and a minor reduction in unemployment. In addition, inflation prospects were dampened by China's increased participation in the world economy, with the result that price growth continued to fall back. This translated into central bank interest rates at an historic low, and a continued fall in bond interest rates.

Whilst high Norwegian interest rates during 2002 added to a difficult situation for Norwegian business, the central bank effected a dramatic redirection of monetary policy during 2003. The sight deposit rate was scaled back from 6.5% to 2.25%, which contributed to Norwegian kroner (trade-weighted) softening by more than 10%. This enabled Norwegian companies to benefit from an economic upturn, a high oil price, low interest rates, and

much depreciated exchange rates for Norwegian kroner. The stock market experienced a broad surge in prices, after bottoming out in the first quarter. The Oslo Stock Exchange registered an increase of almost 50% for the year as a whole.

PARETO SECURITIES ASA

Pareto Securities ASA improved its earnings during 2003. We are of the view that Pareto Securities ASA has continued to reinforce its position as against its competitors during 2003. Our brokerage revenue increased, whilst the overall market registered a decline.

In 2003, Pareto Securities ASA completed about 40 major projects, spread across a broad range of industries, businesses and project types. The company acted as manager of a number of the main transactions in the Norwegian market during 2003. All in all, Pareto Securities took part in 33% of all offerings that were registered on the Oslo Stock Exchange (measured in NOK), and the company earned 7.9% of the corporate finance revenue reported by the securities industry to The Financial Supervisory Authority of Norway.

Pareto's bond department enjoyed a very good 2003, and the company's position in the bond market was reinforced considerably. Pareto Securities ASA managed debentures to the tune of almost NOK 20 billion during 2003.

PARETO PRIVATE EQUITY ASA

Pareto Private Equity ASA has syndicated new real estate projects worth approximately NOK 1.7 billion. In addition, one established an investment company that purchased interests in existing real estate projects, as well as a re-syndication of one of the largest real estate projects. Approximately NOK 300 million of new equity was obtained during 2003.

The company's activities within shipping went well, but it remained challenging to identify attractive shipping projects that offer an optimal mix in terms of risk profile and yield potential. One therefore spent considerable time on assignments involving elements of both project finance and corporate finance.

Within corporate finance, the beginning of the year was characterised by a difficult financial market. Activity picked up significantly during the second half, with completed transactions including, for example, debentures of Renewable Energy Corporation AS and Crew Development Corp., sales of Aker Energi AS and Johan Vinje Stål AS, and an offering of Protector Forsikring AS.

Pareto Eiendom AS had a satisfactory year, and consolidated its position as an important player within the broking of large commercial properties.

Pareto Management AS, which is the business manager of companies and projects managed and syndicated by Pareto Private Equity ASA, is undergoing positive development.

PARETO FORVALTNING ASA

In 2003, Pareto Forvaltning ASA achieved favourable yield figures on its portfolios as compared to the reference indices, and a 40% growth in assets under management. The company has been awarded a number of new mandates in the Norwegian fixed income and stock market.

In total, as per yearend, the company managed approximately NOK 4.2 billion in the form of equities and NOK 6.8 billion in the form of fixed income securities. In addition, the company acts as business manager for, and a strategic partner of, clients controlling a portfolio valued at an additional NOK 2.0 billion or so.

P.F. BASSØE AS

P.F. Bassøe AS has maintained its market share in Scandinavia for the chartering of large tanker tonnage, whilst the overall tonnage basis has been further reduced. The increased contribution from the chartering department is the result of markedly improved market conditions, which have also continued into 2004.

The volume within the purchase and sales of tonnage has increased tremendously, and the company has been involved in the sale of a total of 11 VLCCs. The derivatives department has enjoyed its best year since its inception in 2001, and made a positive contribution.

During summer 2003, one established a separate department for charter brokerage within the product tanker segment, by way of the recruitment of 4 people from a competitor.

PARETO'S STRATEGY

The company's strategy remains the same. Pareto is to be a leading, independent and focused Norwegian investment bank. The company prioritises organic growth and internal competency development, but will also undertake acquisitions and mergers if these may complement and add to the company's development. Pareto will cooperate with other players when appropriate, and when it provides our customers with the best product. An example may be transactions that require more international competency and distribution than Pareto itself is able to offer. Pareto aims to be the preferred Norwegian supplier of financial services, based on a thorough and detailed knowledge of Norwegian society and of industries within which Norway enjoys special advantages. Energy and maritime industries may serve as examples.

The Board is of the view that Pareto still has considerable scope for improvement and growth. Pareto is experiencing an increasing degree of acceptance of its research- and advice-based activities within brokerage, syndication and asset management.

The company has over the last few years invested a considerable amount in the upgrading and development of IT systems and Internet solutions. One has chosen to develop Internet services as an integrated aspect of the regular business. Communication, reporting and trading over the Internet offer great opportunities for Pareto in combination with the company's traditional and personal brokerage and advisory services.

OUTLOOK

In addition to the company's own efforts and development, Pareto's earnings are affected by the general level of activity in the financial markets. Activity within securities markets is on the increase again, following a quieter period, and the Board is therefore optimistic as far as concerns the company's development and earnings.

ALLOCATION OF PROFITS AND OTHER MATTERS

Apart from being the parent company of the group, Pareto AS is involved in investing in different securities.

The internal workplace environment of the group companies is good, and it has not been necessary to implement any special measures. There is little sickness absence within the group, and no injuries or accidents have been reported during the year. The company does not discriminate between women and men.

The company's activities are not of such a nature as to pollute the external environment.

The group's profits, net of tax, are NOK 139.1 million. The post-tax profits of the parent company are NOK 85.3 million, which the Board proposes be allocated to other equity.

The annual accounts have been prepared under the assumption of continued operation. The status of the Pareto Group, and the earnings from its activities during 2003, are set out in the profit and loss statement and the balance sheet. The Board would like to thank the company's customers for the trust they have placed in Pareto, and its employees for their efforts, over the last year.

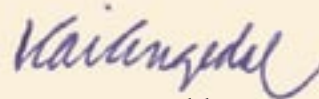
Oslo, March 23rd, 2004



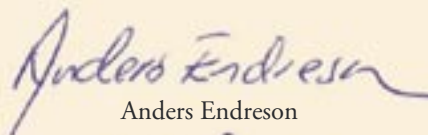
Svein Støle (chairman)



Erik Bartnes



Kai Engedal



Anders Endreson



Uno Grønlie (managing director)

PROFIT AND LOSS STATEMENT

| Parent company (NOK 1000) | | Group (NOK 1000) | |
|----------------------------------|---------------|---|---------------------------------|
| 2002 | 2003 | 2003 | 2002 |
| Operating revenue | | | |
| 0 | 0 | Fee income Note 2 | 516 943 458 302 |
| 0 | 0 | <i>Total operating revenue</i> | 516 943 458 302 |
| Operating expenses | | | |
| -1 043 | -456 | Personnell costs Note 3 | -145 998 -155 256 |
| -2 729 | -1 516 | Other operating expenses | -79 696 -102 231 |
| -40 | -40 | Ordinary depreciation Note 4 | -26 628 -36 561 |
| -3 812 | -2 012 | <i>Total operating expenses</i> | -252 322 -294 048 |
| -3 812 | -2 012 | Operating profit | 264 621 164 254 |
| Financial income/expenses | | | |
| 17 042 | 5 362 | Financial income | 22 341 26 901 |
| 131 702 | 76 235 | Share dividends | 6 137 2 741 |
| -42 130 | 9 860 | Adjustment securities Note 10 | 21 077 -42 130 |
| -3 739 | -2 922 | Profit share associated company Note 5 | -2 922 -3 739 |
| -456 | 0 | Interest expenses | -2 705 -1 610 |
| -530 | -460 | Othe financial expenses | -127 380 -86 249 |
| 101 889 | 88 075 | <i>Total financial income/expenses</i> | -83 452 -104 086 |
| 98 077 | 86 063 | Profit before tax | 181 169 60 168 |
| 12 864 | -786 | Taxes Note 13 | -42 042 -19 562 |
| 110 941 | 85 277 | <i>Annual profit</i> | 139 127 40 606 |
| Allocation of annual profit: | | | |
| 0 | 0 | • Profit attributable to minority interests | 60 3 139 |
| 0 | 0 | • Dividends allocated to minority | -24 591 -19 879 |
| -110 941 | -85 277 | • Allocated to other equity | -114 596 -23 866 |
| -110 941 | -85 277 | Net | -139 127 -40 606 |

BALANCE SHEET ASSETS

| Parent company (NOK 1000) | | Group (NOK 1000) | |
|---------------------------|----------------|------------------|----------------------------|
| 31.12.2002 | 31.12.2003 | 31.12.2003 | 31.12.2002 |
| Fixed assets | | | |
| Intangible fixed assets | | | |
| 0 | 0 | | |
| 18 065 | 18 399 | Note 4 | 1 942 19 898 |
| 18 065 | 18 399 | Note 13 | 25 640 28 190 |
| | | | 27 582 48 088 |
| Tangible fixed assets | | | |
| 467 | 427 | Note 4 | 5 442 13 830 |
| Fixed asset investments | | | |
| 97 935 | 83 789 | Note 5 | 0 0 |
| 19 052 | 10 039 | Note 5 | 10 039 19 052 |
| 4 783 | 1 718 | Note 6 | 6 838 6 071 |
| 1 240 | 3 243 | Note 7 | 3 993 2 865 |
| 0 | 0 | Note 8 | 11 932 11 996 |
| 123 010 | 98 789 | | 32 802 39 984 |
| 141 542 | 117 615 | | 65 826 101 902 |
| Current assets | | | |
| Receivables | | | |
| 0 | 0 | Note 9 | 1 940 225 1 380 660 |
| 1 986 | 407 | | 0 0 |
| 1 986 | 407 | | 1 940 225 1 380 660 |
| Investments | | | |
| 214 536 | 258 224 | Note 10 | 369 495 292 493 |
| 214 536 | 258 224 | | 369 495 292 493 |
| Bank deposits | | | |
| 8 059 | 35 905 | Note 11 | 290 324 281 491 |
| 224 581 | 294 536 | | 2 600 044 1 954 644 |
| 366 123 | 412 151 | | 2 665 870 2 056 546 |

Oslo 31. 12. 2003 / 24. 3. 2004

Svein Støle (chairman)

Anders Endreson

BALANCE SHEET EQUITY AND LIABILITIES

| Parent company (NOK 1000) | | | Group (NOK 1000) | |
|---------------------------|----------------|---|------------------|------------------|
| 31.12.2002 | 31.12.2003 | | 31.12.2003 | 31.12.2002 |
| | | Equity | | |
| | | Paid-in capital | | |
| 48 000 | 14 100 | Nominal share capital | 14 100 | 48 000 |
| -33 600 | 0 | Non-registered capital reduction | 0 | -33 600 |
| 14 400 | 14 100 | <i>Total paid-in capital</i> | 14 100 | 14 400 |
| | | Retained earnings | | |
| 312 353 | 389 244 | Other reserves | 497 896 | 391 685 |
| 312 353 | 389 244 | <i>Total retained earnings</i> | 497 896 | 391 685 |
| | | Minority interests | 28 535 | 29 187 |
| 326 753 | 403 344 | <i>Total equity</i> | 540 531 | 435 272 |
| | | | Note 12 | |
| | | Liabilities | | |
| | | Provisions for liabilities and charges | | |
| 0 | 0 | Pension liabilities | Note 8 | 1 710 |
| 0 | 0 | Deferred tax | Note 13 | 343 |
| 0 | 0 | Provisions for liabilities and charges | | 2 053 |
| | | Long-term liabilities | | |
| | | Deposit from silent partners | 24 764 | 27 597 |
| 0 | 0 | <i>Total long-term liabilities</i> | 24 764 | 27 597 |
| | | Current liabilities | | |
| 38 935 | 7 182 | Other current liabilities | Note 9 | 2 016 747 |
| 0 | 1 052 | Tax payable | Note 13 | 39 372 |
| 0 | 0 | Dividends | | 24 591 |
| 435 | 573 | Outstanding government charges | | 17 812 |
| 39 370 | 8 807 | <i>Total current liabilities</i> | | 2 098 522 |
| 39 370 | 8 807 | <i>Total liabilities</i> | | 2 125 339 |
| 366 123 | 412 151 | <i>Total equity and liability</i> | | 2 665 870 |
| | | | | 2 056 546 |



Erik Bartnes



Kai Engedal



Uno Grønlie (managing director)

CASH FLOW STATEMENT

| Parent company (NOK 1000) | | | Group (NOK 1000) | |
|---------------------------|----------------|--|------------------|------------------|
| 2002 | 2003 | | 2003 | 2002 |
| | | Cash flow from operating activities | | |
| 98 077 | 86 063 | Ordinary profit before tax | 181 169 | 60 168 |
| -933 | -68 | Tax paid during the period | -36 175 | -49 765 |
| 40 | 40 | Ordinary depreciation | 26 628 | 36 561 |
| 41 277 | -14 654 | Securities adjustment | -25 871 | 41 277 |
| 0 | 0 | Net change in pensions without cash effect | -107 | -2 951 |
| 4 592 | 2 922 | Profit share associated company | 2 922 | 4 592 |
| -500 | 497 | Change in receivables | -559 565 | -963 220 |
| -29 769 | 1 865 | Change in inter-company accounts | 0 | 0 |
| -801 | 1 202 | Change in other liabilities | 499 039 | 1 054 847 |
| 111 983 | 77 867 | <i>Net cash flow from operating activities</i> | 88 040 | 181 809 |
| | | Cash flow from investment activities: | | |
| 0 | 0 | Payments for tangible fixed assets | -284 | -2 446 |
| 0 | 0 | Proceeds from sale of tangible fixed assets | 0 | 1 095 |
| -101 598 | -14 054 | Net cash flow short-term investments | -47 302 | -108 036 |
| -395 | -8 641 | Payment for fixed assets investments | -12 521 | 0 |
| 7 499 | 14 960 | Proceeds from fixed assets investments | 12 889 | 17 909 |
| -94 494 | -7 735 | <i>Net cash flow from investment activities</i> | -47 218 | -91 478 |
| | | Cash flow from financing activities | | |
| 0 | -33 600 | Payments made to shareholders upon capital reduction | -933 | 0 |
| 0 | 0 | Dividends paid | -19 879 | -38 116 |
| -18 625 | -8 686 | Payments made upon the purchase of own shares | -8 686 | -18 625 |
| 0 | 0 | Change in long-term liabilities | -2 833 | 1 958 |
| 0 | 0 | Payments received in the form of minority equity | 342 | 764 |
| -18 625 | -42 286 | <i>Net cash flow from financing activities</i> | -31 989 | -53 989 |
| -1 136 | 27 846 | Net change in bank deposits | 8 833 | 36 342 |
| 9 195 | 8 059 | Bank deposit balance as per 01.01 | 281 491 | 245 149 |
| 8 059 | 35 905 | <i>Bank deposit balance as per 31.12</i> | 290 324 | 281 491 |

NOTES TO THE ACCOUNTS

NOTE 1

Group structure

Pareto AS holds 75.0% of Pareto Securities ASA, 81.5% of Pareto Private Equity ASA, 75.9% of Pareto Forvaltning ASA, 100% of Pareto Fondsforvaltning AS, 100% of P.F. Bassøe AS and 89% of KS P.F. Bassøe AS & Co. P.F. Bassøe AS is the general partner, and holds the remaining 11%, of KS P.F. Bassøe AS & Co. Pareto Private Equity ASA holds 100.0% of the shares of Pareto Eiendom AS, Pareto Management AS and Pareto Consulting AS.

Consolidation principles

Investments in subsidiaries are valued at acquisition cost. In the consolidated accounts, the cost price of the shares of the subsidiaries is eliminated against the equity of the subsidiaries as per the acquisition date. Internal transactions between the companies, as well as receivables and debts as per 31 December have been eliminated in the consolidated accounts.

Accounting principles

The annual accounts have been prepared in accordance with those provisions of the Accounting Act that apply to larger enterprises.

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables to be repaid within one year are classified current assets. Corresponding criteria have been applied to the classification of current and long-term liabilities.

Fixed assets are valued at acquisition cost, but are written down to real value when the loss of value is expected not to be temporary. Fixed assets with a limited economic life are depreciated systematically. Long-term loans are entered in the balance sheet at the nominal amount received as per the start date.

Investments in companies of which the company owns between 20 and 50 percent, and exercises material influence, are treated pursuant to the equity method.

Current assets are valued at the lower of their acquisition cost and real value. Current liabilities are entered in the balance sheet at the nominal amount received as per the start date. Current liabilities are not revalued at real value as a result of changes in interest rates.

Certain items are valued according to different principles, and are explained below.

The operative subsidiaries are the principals of the respective internal partnerships. The accounts of the internal partnerships are included in the accounts of the principals on a gross basis. Silent partners' shares of the profits of the internal partnerships are charged as expenses in the form of personnel costs and other financial expenses. Debts owed to silent partners are included in other current liabilities.

Loan loss provisions are made on the basis of an individual assessment of each receivable. In addition, a non-specified provision is

made in respect of other accounts receivables to cater for estimated loss.

Financial instruments that are included in the trading portfolio and traded in an efficient market are valued at real value as per the date of the balance sheet. Other financial instruments are valued at the lower of average acquisition cost and real value as per the date of the balance sheet.

Pensions are entered in the accounts according to a linear contribution profile, and with the expected final salary as the contribution basis. Deviations from estimates are amortised over the expected remaining contribution period to the extent that the exceed 10% of the higher of the pension obligations and the pension assets.

Tax is applied to pre-tax accounting profits. Taxes relating to equity transactions are set off against equity. Tax comprises payable tax, changes to deferred tax, and reimbursement claims pursuant to the Taxation Act.

Monetary items in foreign currency are converted at the exchange rate prevailing as per the date of the balance sheet.

NOTE 2

| Group operating revenue | 2003 | 2002 |
|--------------------------------|----------------|----------------|
| Brokerage | 299,723 | 235,578 |
| Corporate Finance | 144,216 | 188,479 |
| Asset/business management | 61,768 | 29,564 |
| Other project revenue | 11,236 | 4,681 |
| Total operating revenue | 516,943 | 458,302 |

NOTE 3

| Salary costs, number of employees, remuneration, etc. | PARENT COMPANY | | GROUP | |
|--|----------------|--------------|----------------|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| Salaries, holiday allowance, social security contributions | 426 | 951 | 76,191 | 85,103 |
| Profit-related remuneration | 0 | 0 | 59,869 | 61,480 |
| Pensions and other personnel costs | 30 | 92 | 9,938 | 8,673 |
| Total | 456 | 1,043 | 145,998 | 155,256 |
| Average number of employees | 1 | 1 | 141 | 150 |

The General Manager has received a remuneration of NOK 304,302. NOK 450,000 has been allocated to parent company directors' emoluments. Overall directors' emoluments from the group companies are NOK 496,500.

Fees to Deloitte Statsautoriserete Revisorer AS and associated companies in respect of auditing and auditing-related services amount to NOK 89,000 for the parent company and NOK 1,295,100 for the group. Fees in respect of other services amount to NOK 179,600 for the parent company and NOK 489,600 for the group.

NOTE 4

| Tangible fixed assets | PARENT COMPANY | | GROUP |
|------------------------------|----------------|----------------|----------|
| | FURNISHING, IT | FURNISHING, IT | GOODWILL |
| Acquisition cost 01.01 | 553 | 65,807 | 60,608 |
| Subsequent acquisitions | 0 | 284 | 0 |
| Subsequent disposals | 0 | 511 | 0 |
| Acquisition cost 31.12 | 553 | 65,580 | 60,608 |
| Acc. depreciation 01.01 | 86 | 51,977 | 40,710 |
| Subsequent depreciation | 40 | 8,672 | 17,956 |
| Subsequent disposals | 0 | 511 | 0 |
| Acc. depreciation 31.12 | 126 | 60,138 | 58,666 |
| Book value 31.12 | 427 | 5,442 | 1,942 |
| Economic life | 3-10 yrs | 3-10 yrs | 3-5 yrs |
| Depreciation plan | Linear | Linear | Linear |

NOTE 5**Shares of subsidiaries**

| COMPANY | OFFICE | OWNERSHIP AND VOTING SHARE | BOOK VALUE AS PER 31.12 |
|-----------------------------|--------|----------------------------|-------------------------|
| Pareto Securities ASA | Oslo | 75.00% | 50,728 |
| Pareto Private Equity ASA | Oslo | 81.50% | 480 |
| Pareto Forvaltning ASA | Oslo | 75.94% | 6,297 |
| Pareto Fondsforsvalnting AS | Oslo | 100.00% | 2,581 |
| P.F. Bassøe AS | Oslo | 100.00% | 3,245 |
| KS P.F. Bassøe AS & Co | Oslo | 89.00% | 20,458 |
| | | | 83,789 |

Shares of associates companies

| COMPANY: | Fondsforsvaltn. | Pluss Aktiv | Consilio | StratCorp | Overall |
|--------------------------------|-----------------|-------------|--------------|-----------|------------|
| OFFICE LOCATION: | Oslo | Oslo | Kristiansand | Oslo | associated |
| PARETO'S HOLDING: | 35.0% | 35.0% | 36.5% | 35.0% | company |
| Acquisition cost | 40,001 | 646 | 789 | 2,500 | 43,936 |
| Equity as per acquisition date | 23,939 | 708 | 1,125 | 705 | 26,477 |
| Goodwill as per acquisition | 16,062 | -62 | -336 | 1,795 | 17,459 |
| Balance as per 01.01 | 17,191 | 826 | 635 | 400 | 19,052 |
| Subsequent offering | 5,923 | 0 | 0 | 0 | 5,923 |
| Share of annual profit | 2,175 | 64 | 0 | 0 | 2,239 |
| Depreciation of goodwill | -5,294 | 21 | 112 | 0 | -5,161 |
| Subsequent sales | 0 | 0 | 0 | -400 | -400 |
| Dividends received | -11,406 | -208 | 0 | 0 | -11,614 |
| Balance as per 31.12 | 8,589 | 703 | 747 | 0 | 10,039 |

NOTE 6

| Other shares/bonds | NUMBER | COST PRICE | BOOK VALUE |
|--|---------|------------|------------|
| Other securities held by parent company | | | |
| Natsource Inc. | 105,376 | 5,091 | 1,003 |
| Nordic Partners Inc. | 35,280 | 715 | 715 |
| Sum other securities held by parent company | | 5,806 | 1,718 |
| Other securities held by subsidiaries | | 5,120 | 5,120 |
| Sum other securities held by the group | | 10,926 | 6,838 |

The value of the shares is estimated at no less than book value.

NOTE 7

The parent company's contribution to the Pareto Group Pension Fund amounts to NOK 1,240,000. The parent company has made an interest-bearing loan to Nordic Partners Inc. in the nominal amount of USD 300,000, which has been converted as NOK 2,002,500 as per 31.12.2003.

NOTE 8**Pensions**

The group maintains a pension scheme applicable to 106 people. The actuarial assumptions respecting demographic factors and retirement are based on the assumptions normally made within the insurance industry. (CONTINUED)

| (NOTE 8 CONTINUED) | 2003 | 2002 |
|---|---------|---------|
| Net present value of pension contributions during the year | 4,627 | 4,455 |
| Interest cost on pension obligations | 2,362 | 2,581 |
| Estimate adjustments entered in the profit and loss account | 64 | -24 |
| Return on pension assets | -3,406 | -3,869 |
| Net pension cost after employer's social security contribution | 3,647 | 3,143 |
| Accrued employer's social security contribution | 599 | 633 |
| Net pension cost after employer's social security contribution | 4,246 | 3,776 |
| Calculated pension obligations | -45,766 | -43,324 |
| Pension assets (at market value) | 53,312 | 54,387 |
| Estimate adjustments not entered in the profit and loss account | 3,816 | 291 |
| Accrued employer's social security contribution | 570 | 642 |
| Pension assets entered on the balance sheet (incl. employer's social security contribution) | 11,932 | 11,996 |
| Unsecured pension obligations (incl. employer's social security contribution) | -1,710 | -1,881 |
| Financial assumptions | | |
| Expected return on fund assets | 7.0% | 8.0% |
| Discount rate | 6.0% | 7.0% |
| Expected salary growth | 3.0% | 3.0% |
| Expected adjustment of the base amount of the social security system | 3.0% | 3.0% |

NOTE 9

| Accounts receivable in subsidiaries | 2003 | 2002 |
|--|--------|--------|
| Specified loss provisions as per 01.01 | 3,081 | 8,885 |
| Materialised loss in respect of which loss provisions have previously been made | -1,266 | -6,620 |
| Adjustment to specified loss provisions | -302 | 816 |
| Specified loss provisions as per 31.12. | 1,513 | 3,081 |
| Liabilities owing to customers amount to NOK 1,695,282,000, out of other current liabilities of NOK 2,016,747,000. | | |

NOTE 10

| Securities | NUMBER | COST PRICE | BOOK VALUE |
|---|---------|------------|------------|
| Mutual fund units held by the parent company: | | | |
| Pareto Likviditet | 90,542 | 90,775 | 90,970 |
| Pareto Høyrente | 10,892 | 10,879 | 11,090 |
| Pareto Aksje Norge | 71,242 | 84,248 | 84,248 |
| Pluss Pengemarked | 1,655 | 1,654 | 1,729 |
| | | 187,556 | 188,037 |
| Shares held by the parent company: | | | |
| Bankia Bank | 125,000 | 2,500 | 625 |
| Sparebanken Pluss | 10,150 | 1,746 | 1,746 |

| | | | |
|---|---------|--------|---------|
| Oslo Børs Holding | 100,000 | 17,535 | 17,535 |
| Bergens Tidende | 3,189 | 1,116 | 989 |
| Adresseavisen | 13,290 | 3,944 | 3,944 |
| Norges Handels- & Sjøfartstid. | 12,464 | 9,598 | 8,102 |
| Stavanger Aftenblad | 149,421 | 9,073 | 9,073 |
| VPS Holding | 174,600 | 12,222 | 12,222 |
| Bolig- og Næringsbanken | 28,350 | 5,103 | 5,103 |
| Solstad Offshore | 109,000 | 2,998 | 2,998 |
| Komplett | 39,000 | 3,529 | 3,529 |
| Wilh. Wilhelmsen | 37,000 | 3,626 | 3,626 |
| Other shares | | 704 | 695 |
| | | 73,694 | 70,187 |
| Total securities held by the parent company | | | 258,224 |
| Shares: | | 17,005 | 17,005 |
| Bonds and commercial paper: | | 68,637 | 68,637 |
| Mutual fund units: | | 25,629 | 25,629 |
| Total securities held by subsidiaries | | | 111,271 |
| Total securities held by group | | | 369,495 |

NOTE 11

Bank deposits

The parent company holds NOK 14,450 as restricted funds in the withholding tax account. Restricted funds represent NOK 49,237,000 of the group's bank deposits, of which NOK 5,832,000 are held as restricted funds in the withholding tax account.

NOTE 12

| Equity | SHARE CAP. | OTHER EQUITY | SUM |
|---|------------------|------------------------|---------|
| The parent company | | | |
| Equity as per 01.01 | 14,400 | 312,353 | 326,753 |
| Purch. own shares and cap. reduction | -300 | -8,386 | -8,686 |
| Annual profits | | 85,277 | 85,277 |
| Total equity as per 31.12 | 14,100 | 389,244 | 403,344 |
| The group | | | |
| Equity as per 01.01 | 14,400 | 420,872 | 435,272 |
| Purch. own shares and cap. reduction | -300 | -8,386 | -8,686 |
| Net change in minority interests | | -591 | -591 |
| Annual post-tax profits | | 139,127 | 139,127 |
| Dividends allocated to minorities | | -24,591 | -24,591 |
| Total equity as per 31.12 | 14,100 | 526,431 | 540,531 |
| As per 31.12.2003, the share capital is NOK 14,100,000, divided into 47,000 shares of NOK 300 each. | | | |
| | NUMBER OF SHARES | OWNERSHIP VOTING SHARE | |
| Svein Støle | 35,000 | 74.5% | |
| Erik Bartnes | 3,000 | 6.4% | |
| Artship AS / Anders Endreson | 6,000 | 12.8% | |
| Svele AS / Svein Støle | 3,000 | 6.4% | |
| | 47,000 | 100.0% | |

NOTE 13

| Taxes | | | | |
|----------------|---------|--|---------|---------|
| PARENT COMPANY | | | | GROUP |
| 2002 | 2003 | | 2003 | 2002 |
| 98 077 | 86 063 | Profits before tax | 181 169 | 60 168 |
| -5 014 | -11 286 | Permanent differentials | -9 364 | -3 782 |
| 45 335 | 1 193 | Change in temporary differentials | -22 634 | 75 317 |
| 0 | 0 | Losses brought forward from previous years | -189 | -2 406 |
| 138 398 | 75 970 | Annual tax base | 148 982 | 129 297 |
| 38 751 | 21 272 | 28% payable tax | 41 716 | 36 206 |
| -38 922 | -20 220 | Compensation for dividends received | -2 344 | -3 317 |
| -171 | 1 052 | Payable tax before reimbursement claims ^{39 372} | 32 889 | |
| 171 | 0 | Unused compensation deductions | 0 | 171 |
| 0 | 0 | Reimbursement claims pursuant to Section 31.5 of the Tax Payment Act | 0 | 3 103 |
| 0 | 1 052 | Payable tax | 39 372 | 36 163 |
| | | Specification of temporary differentials | | |
| -62 560 | -56 115 | Current assets | -56 153 | -73 396 |
| -197 | -8 673 | Fixed assets | -15 551 | -14 639 |
| -1 151 | -921 | Intellectual property | -18 411 | -10 813 |
| 0 | 0 | Long-term debt | -96 | -42 |
| -611 | 0 | Residual loss to be brought forward | -132 | -956 |
| -64 519 | -65 709 | Basis for computation of deferred tax benefit/tax | -90 343 | -99 846 |
| -18 065 | -18 399 | 28% deferred tax benefit/tax | -25 296 | -27 957 |
| | | Annual tax cost | | |
| 0 | 1 052 | Payable tax | 39 372 | 33 060 |
| 0 | 0 | Reimbursement claims pursuant to Section 31.5 of the Tax Payment Act | 0 | 3 103 |
| 0 | 68 | Tax corrections pertaining to previous years | 12 | 71 |
| -12 864 | -334 | Change in deferred tax benefit/tax | 2 659 | -16 672 |
| -12 864 | 786 | Tax cost | 42 043 | 19 562 |
| 0,0 % | 0,9 % | Effective rate of taxation | 23,2 % | 32,5 % |
| | | Adjustment from nominal to actual tax cost | | |
| 27 462 | 24 098 | Expected tax cost based on nominal rate | 43 601 | 16 847 |
| -1 404 | -3 160 | Permanent differentials | -2 622 | -1 059 |
| -38 922 | -20 220 | Compensation for dividends received | -2 344 | -3 317 |
| 0 | 0 | Reimbursement claims pursuant to Section 31.5 of the Tax Payment Act | -65 | 3 201 |
| 0 | 68 | Other items | 3 473 | 3 890 |
| -12 864 | 786 | Tax | 42 043 | 19 562 |

NOTE 14

Pareto Securities ASA is under a statutory obligation to furnish guarantees with The Financial Supervisory Authority of Norway and with the Norges Bank. Brokerage guarantees have been furnished in the amounts of NOK 25 million with The Financial Supervisory Authority of Norway and NOK 153 million with the Norges Bank. The guarantees have been secured by way of a first preferred security interest in accounts receivable, as well as a security interest in the company's short-term securities.

NOTE 15

The parent company bears the risk of price fluctuations on securities held by itself. Subsidiaries assume additional risks relating to own-account trading, market making, and settlement from customers.

The financial market risks to which the subsidiaries' activities expose them, are managed pursuant to the provisions of the Public Limited Companies Act and the Internal Control Regulations laid down by The Financial Supervisory Authority of Norway.

AUDITORS' REPORT

Deloitte.

Deloitte
Statautoriserede Revisorer AS
Kareneysti alle 20
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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Pareto AS

AUDITOR'S REPORT FOR 2003

We have audited the annual financial statements of Pareto AS as of 31 December 2003, showing a profit of NOK 85.277.000 for the parent company and a profit of NOK 139.127.000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing standards in Norway. Generally accepted auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of 31 December 2003, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Norway
- the Company's management has fulfilled its duty to maintain the Company's accounting process in such a proper and well-arranged manner that the accounting process is in accordance with the law and generally accepted accounting practices in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Oslo, 24 March 2004

Deloitte

Jørn Borchgrevink (signed)
State Authorised Public Accountant (Norway)

Audit, Tax & Legal, Consulting, Financial Advisory.

A member firm of
Deloitte Touche Tohmatsu

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