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annual report 1999



Pareto AS

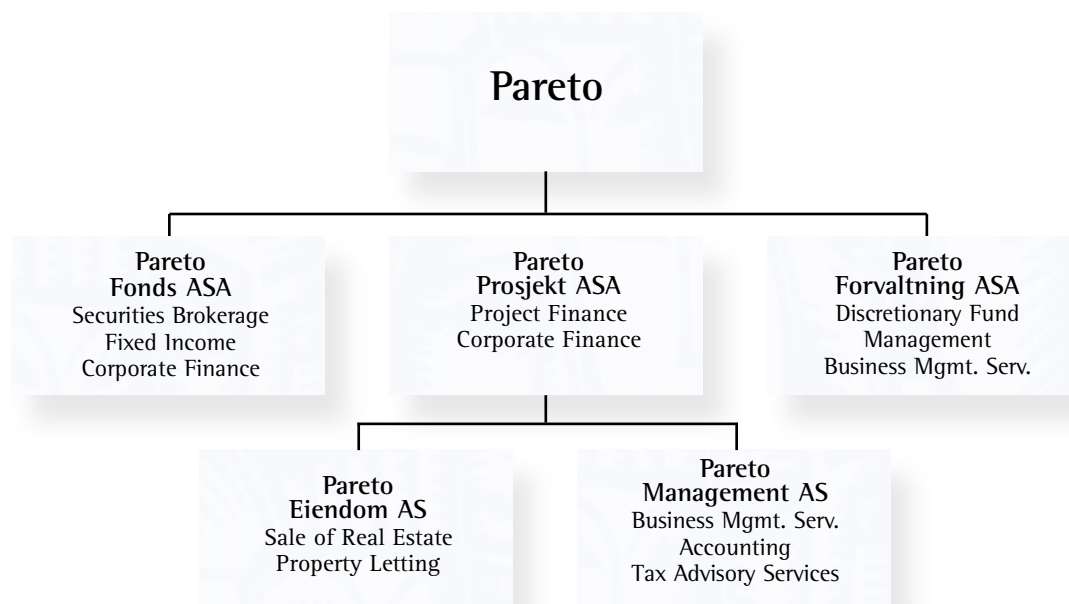
annual report 1999



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Group profile



The Pareto group comprises Vilfredo AS, which owns all the shares in Pareto AS, and Pareto's subsidiaries Pareto Fonds ASA, Pareto Forvaltning ASA, Pareto Prosjekt ASA, Pareto Management AS and Pareto Eiendom AS. The group's operations are channelled almost exclusively through these subsidiaries, which are profiled individually in the management report.

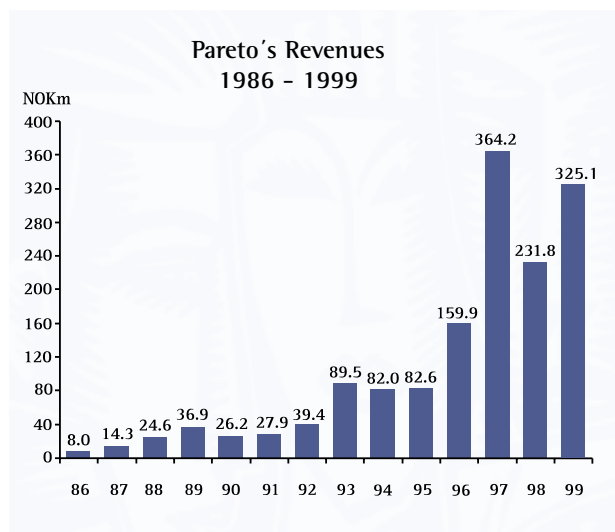
Founded in 1986, Pareto has its origins in the financing of shipping and property projects. Today it is an integrated and independent finance house providing a wide variety of services.

Together the companies offer a broad range of services covering securities brokerage, the management and sponsorship of new equity and debt issues, and direct

investments. In addition, Pareto has significant operations within M&A and other financial advisory services, commercial property brokerage and business management services including accounts and tax advice. Pareto also offers clients discretionary portfolio management, strategic advice and portfolio administration services.

The company has been run along conservative lines in terms of risk and market profile and has returned a satisfactory financial performance throughout its history. The graph shows the company's turnover from 1986 to 1999, with Pareto Fonds included from 1992 and Bergen Fondsmeglerforretning ASA from 1999.

Pareto had 109 employees at the year-end. Most have a college or university education and many have undergone extensive supplementary training.



Key figures (NOK million)	1999	1998
Operating income	325.1	231.8
Operating profit	159.6	121.3
Net financial items	(40.9)	(35.5)
Profit before tax	118.7	85.8
Tax	(47.3)	(40.0)
Net profit	71.4	45.8
Shareholders' equity	293.4	238.8

Report from the Board of Directors

Goals for the business

Pareto is to be developed as an integrated and profitable company engaged in financial advice, brokerage, project development and asset management. The board and management aim to build the company on the respect and trust of both the market and the authorities.

Financial performance

1999 was a good year for Pareto. The company's income and profit showed a clear improvement from the year before and the company strengthened its position in several priority areas. Particularly good progress was made in the brokerage and sponsorship of equity instruments and projects. There was also a clear increase in activity in advisory services in connection with mergers and acquisitions, as well as in securities management business. Despite somewhat lower activity in the brokerage and sponsorship of debt securities, this side of the business also reported healthy profits.

Pareto's operating income totalled NOK 291.0 million in 1999, compared with NOK 231.8 million in 1998. Operating profit after bonuses and performance-related costs came to NOK 162.3 million in 1999, compared with NOK 121.3 million in 1998. The net profit for the year was NOK 71.4 million in 1999, compared with NOK 45.8 million in 1998.

These figures exclude Bergen Fondsmeglerforretning ASA, which became a wholly owned subsidiary of Pareto Fonds ASA in December 1999. The board is pleased with the results achieved in 1999.

Market conditions

The Norwegian economy paused for breath in 1999. GDP growth was just 0.8% for both the mainland economy and the overall economy, ie including oil and shipping. The most important cause of this weak growth was a substantial decrease in investment, especially in the oil sector. This was primarily related to the drop in oil prices between the autumn of 1997 and the spring of 1998. There were probably also some repercussions from the currency crisis and rising interest rates of 1998. Nevertheless economic activity held up well. This should be considered in the light of the new monetary policy regime introduced at the beginning of January. Interest rates were previously to be used to maintain equilibrium in the currency markets but have now been given the role of ensuring a balanced economy. Consequently Norges Bank lowered its key interest rates in five stages during 1999 by a total of 2.5 percentage points to avert recession. This caused three-

month money market rates to fall from over 8% to 6.5%. As a result of this, growth in private consumption rose to more than 2% and unemployment averaged as little as 3.75%. The beginnings of an upswing in Europe and Asia, coupled with continued strong growth in the USA, also helped to bolster economic activity, with exports of traditional goods increasing by 2.6%. At the same time inflation was limited, and with price inflation at 2.3% the Norwegian economy was relatively well balanced towards the end of the year.

In the light of the brighter outlook for the global economy, most equity markets performed well in 1999. The Oslo Stock Exchange all-share index gained no less than 45.5%. The growth in Norwegian share prices was due primarily to a sharp increase in oil prices, the fall in short-term interest rates, an upturn in cyclical stocks and a high number of acquisitions of listed companies. Companies for which bids were made included Saga, Dyno, Elkjøp, NCL, Christiania Bank og Kreditkasse, Helikopter Service and Selmer. The IT & Communication sector recorded the greatest gain on the Oslo exchange (+120.7%). The shipping index climbed 48.9% and the industrial index 48.0%. The weakest growth was in financial services stocks (+26.9%).

Operations

Pareto's head office is in Oslo and most of the group's operations are based there. Pareto was highly active in the liquid securities market during the year and took part in a series of new issues and large equity transactions.

Corporate finance activity was extremely high. Projects included not only advice in connection with mergers and acquisitions but also the sponsorship of new issues. The company was active in both the listed and the unlisted parts of the market. Pareto Fonds continued to handle projects for listed companies and projects relating to the stock exchange, while Pareto Prosjekt embarked on a highly successful drive targeting unlisted companies.

In the debt market, the company focused on bonds for banks/credit companies, local authorities and industrial segment and on short-dated loans (certificates). Pareto sustained its high share of the secondary market in these segments. The bond department managed the issue of bonds worth NOK 6.5 billion, slightly up on 1998.

Pareto's project finance business performed well in 1999, especially in the case of real estate projects in the second

half of the year. The company's business management operation, which provides accounting and advisory services for around 60 companies, again made a good contribution.

Pareto Forvaltning too can look back on a positive year with good returns on its portfolios and considerable growth in assets under management. At the year-end the company had under management a total of around NOK 800 million invested in equities and NOK 650 million invested in debt securities. The company is also serving as business manager/strategic partner for clients with portfolios worth a further NOK 3.0 billion. The Fund management company Pareto Fondsforsvaltning AS was formed in September 1999 to bolster the range of asset management services on offer. Pareto Forvaltning owns 49% of the new company, Finansbanken 31% and Garde 20%. Pareto Fondsforsvaltning has under management around NOK 100 million invested in Norwegian debt securities. Pareto's asset management business can point to a positive contribution to the overall profit for 1999 and expects to continue to perform well in the year 2000.

Pareto's strategy

The company is staying with its established strategy of being a leading and independent player in the Norwegian financial services market. The company is giving priority to organic growth and internal skills development, but will work with other players where this is natural and where this ensures the best possible service for its clients - such as on transactions which require greater international expertise than Pareto itself can offer. Pareto is also concentrating on becoming the preferred Norwegian supplier of financial services on the basis of a good in-depth knowledge of Norway and sectors where Norway has a special edge, such as energy, shipping and various parts of the technology sector.

The board believes that Pareto still has considerable scope for improvement and growth in the Norwegian market. Pareto is encountering growing acceptance of its research-based brokerage services, with its share of equity trading on the Oslo Stock Exchange climbing from 6.0% to 6.6% by volume in 1999. The company's long-term focus on advice is also paying off. Advisory services for the oil/offshore sector and other maritime segments remained our largest area in corporate finance, but we also made excellent progress in the technology sector, where the company has taken on a number of experienced advisers and analysts in recent years.

Pareto acquired the remaining 70% of Bergen Fondsmeglerforretning ASA in December to make it a wholly owned subsidiary of Pareto Fonds. Bergen Fondsmeglerforretning's business consists largely of equity brokerage in the secondary market in Bergen and western Norway. The company generated operating income of NOK 34.1 million and a net loss of NOK 0.2 million in 1999. Bergen Fondsmeglerforretning will merge with Pareto Fonds during the course of this year. Pareto intends to build on Bergen Fondsmeglerforretning's existing organisation, and the Bergen operation should be able to make a positive contribution to group profits this year through an active focus on its strengths.

Outlook

Besides the company's own input and development, Pareto's earnings are affected by the general level of activity in the financial markets. Our expectations of relatively low interest rates, increased saving and industrial expansion in Norway warrant continued optimism about the company's development and financial performance in the longer term. Nevertheless the securities markets have been unusually active over the last three years. Pareto anticipates healthy profits again in the year 2000.

Distribution of profit and other information

Besides serving as the parent company of the Pareto group, Vilfredo invests in a variety of securities.

The group's companies offer a good working environment and it has not been necessary to take any special action. Absence through illness in the group is low and no accidents or injuries were reported during the year.

The company's operations are not of a type that pollutes the natural environment.

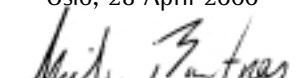
The group's profit for the year after tax of NOK 47,221,000 was NOK 71,404,000. The parent company's profit for the year after tax of NOK 303,170 was NOK 1,142,743. The board proposes that this profit be carried forward in its entirety.

The annual accounts have been prepared on a going concern basis. The profit and loss account and balance sheet show the financial performance and position of the Pareto group in 1999. The board would like to thank the company's clients and employees for the confidence shown in Pareto during the year.

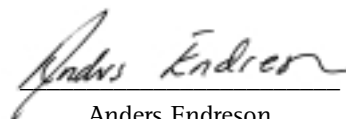
Oslo, 28 April 2000



Svein Støle



Erik Bartnes



Anders Endreson

Profit and Loss Account

PARENT COMPANY (NOK)				GROUP (NOK thousand)	
1998	1999	OPERATING INCOME:	Notes	1999	1998
0	0	Fees and commissions	2	291,005	231,770
0	0	TOTAL OPERATING INCOME		291,005	231,770
OPERATING COSTS:					
-231,331	-231,331	Staff costs	3	-76,522	-63,487
-557,604	-237,395	Other operating costs		-48,521	-44,247
-22,588	0	Depreciation	4	-3,693	-2,776
-811,523	-468,726	TOTAL OPERATING COSTS		-128,736	-110,510
-811,523	-468,726	OPERATING PROFIT/LOSS		162,269	121,260
FINANCIAL ITEMS:					
1,463,294	1,807,127	Interest receivable		13,160	10,428
639,759	111,384	Dividend income		4,020	3,058
0	0	Income from associated undertakings		1,809	0
0	0	Share of profit to silent partners		-58,003	-46,174
-263,989	0	Interest payable		-1,046	-1,777
-15,223	-3,872	Similar charges		-3,584	-987
1,823,841	1,914,639	NET FINANCIAL ITEMS		-43,644	-35,452
1,012,318	1,445,913	PROFIT ON ORDINARY ACTIVITIES		118,625	85,808
84,300,229	0	Gains on the sale of shares		0	0
85,312,547	1,445,913	PROFIT BEFORE TAX		118,625	85,808
-2,385	-303,170	Tax	14	-47,221	-39,959
85,310,162	1,142,743	NET PROFIT FOR THE YEAR		71,404	45,849
Distribution of profit ;					
0	0	-Minority interests		-8,529	-963
0	0	-Provision for dividends		-23,230	-7,493
1,000,000	0	-Group equalisation contributions received		0	0
-86,310,162	-1,142,743	-Transferred to reserves		-39,645	-37,393
-85,310,162	-1,142,743	Total		-71,404	-45,849

Balance Sheet

Assets

PARENT COMPANY (NOK)				GROUP (NOK thousand)	
01.01.1999	31.12.1999		Noter	31.12.1999	01.01.1999
		FIXED ASSETS			
		intangible assets			
0	0	Goodwill	4	70	100
911,954	639,632	Deferred tax assets	14	0	0
911,954	639,632	Total intangible assets		70	100
		Tangible fixed assets			
0	0	Fixtures, fittings, office machines etc.	4	8,502	6,104
		Financial fixed assets			
145,573,431	145,573,431	Shares in subsidiary undertakings	5	0	0
2,143,127	2,143,127	Other shares/bonds	6	30,456	22,919
0	0	Other long-term debtors	7	410	204
0	0	Pension overfunding	8	2,132	638
0	0	Investments in partnerships	9	187	318
147,716,558	147,716,558	Total financial fixed assets		33,185	24,079
148,628,512	148,356,190	Total fixed assets		41,757	30,283
		CURRENT ASSETS			
		Debtors			
17,391,852	0	Amounts owed by group undertakings		0	0
0	0	Trade debtors	10	300,683	0
0	0	Other debtors		63,111	53,018
17,391,852	0	Total debtors		363,794	53,018
		Investments			
0	20,353,380	Securities	11	156,626	162,342
0	20,353,380	Total investments		156,626	162,342
12,945,959	11,428,485	Bank deposits	12	206,826	132,017
30,337,811	31,781,865	Total current assets		727,246	347,377
178,966,323	180,138,055	TOTAL ASSETS		769,003	377,660

Balance Sheet

Liabilities and Equity

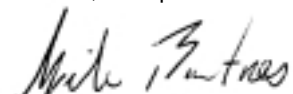
PARENT COMPANY				GROUP	
(NOK)				(NOK thousand)	
01.01.1999	31.12.1999	SHAREHOLDERS' EQUITY	Notes	31.12.1999	01.01.1999
		Capital			
50,000,000	50,000,000	Share capital		50,000	50,000
0	0	Share premium account		0	0
50,000,000	50,000,000	Total capital		50,000	50,000
		Reserves			
128,924,325	130,067,068	Reserves		212,592	155,424
128,924,325	130,067,068	Total reserves		212,592	155,424
		Minority interests			
178,924,325	180,067,068	Total equity	13	293,369	238,845
		LIABILITIES			
		Provisions for liabilities and charges			
0	0	Unfunded pension liabilities	8	1,200	655
0	0	Deferred tax	14	3,852	964
0	0	Total provisions for liabilities and charges		5,052	1,619
		Long-term liabilities			
0	0	Deposits from silent partners		11,767	11,687
0	0	Total long-term liabilities		11,767	11,687
		Current liabilities			
0	0	Amounts owed to silent partners		63,635	55,646
0	0	Other creditors		313,781	14,062
2,385	30,869	Tax payable	14	43,886	40,373
0	0	Dividends		23,230	7,493
39,613	40,118	Other taxes etc payable		14,283	7,935
41,998	70,987	Total current liabilities		458,815	125,509
41,998	70,987	Total liabilities		475,634	138,815
178,966,323	180,138,055	TOTAL EQUITY AND LIABILITIES		769,003	377,660

31. December 1999

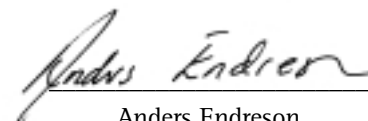
Oslo, 28 April 2000



Svein Støle



Erik Bartnes



Anders Endreson

Cash Flow Statement

PARETO AS (NOK)			PARETO GROUP (NOK 1000)	
1998	1999		1999	1998
Cash flow to/from operations:				
85,312,547	1,445,913	Profit on ordinary activities before tax	118,625	85,808
-14,055,141	-2,363	Tax paid during the period	-40,820	-45,078
22,588	0	Depreciation	3,693	2,776
0	0	Net pension income without cash effect	-949	0
0	0	Income associated companies	-1,809	0
300,000	0	Change in debtors	-310,776	62,048
25,254,395	17,391,852	Change in intercompany	0	0
-37,511	505	Change in other liabilities	306,067	-48,714
96,796,878	18,835,907	Net cash flow from operating activities	74,031	56,840
Cash flow from investing activities:				
-87,700,229	0	Purchase of tangible fixed assets	-6,417	-3,469
3,604,000	0	Proceeds from sale of fixed assets	298	0
0	-20,353,380	Net cash flow from short term investments	5,716	40,033
0	0	Purchase of financial assets	-9,176	-20,567
0	0	Proceeds from investment in financial assets	3,431	0
-84,096,229	-20,353,380	Net cash flow from investing activities	-6,148	15,997
Cash flow from financing activities				
0	0	Dividends paid	-7,493	-6,255
0	0	Change in debt to silent partners	8,069	0
0	0	Change in equity from purchase of subsidiaries	763	0
0	0	Equity paid in from minorities	5,587	0
0	0	Net cash flow from financing activities	6,926	-6,255
12,700,649	-1,517,473	Net change in bank deposits during year	74,809	66,582
245,309	12,945,958	Bank deposits on 1 Jan	132,017	65,435
12,945,958	11,428,485	Bank deposits on 31 Dec	206,826	132,017

Notes to the Accounts

Note 1

Group structure

At the year-end Vilfredo AS held all the shares in Pareto AS, which held 77.6% of the shares in Pareto Fonds ASA, 88.6% of the shares in Pareto Prosjekt ASA, 86.0% of the shares in Pareto Forvaltning ASA and 50% of the shares in Consilio ASA.

Pareto Fonds ASA held 100% of the shares in Bergen Fondsmeglerforretning ASA. Pareto Prosjekt ASA held 100% of the shares in Pareto Management AS and Pareto Eiendom AS.

Basis of consolidation

Investments in subsidiary undertakings are valued at cost. In the group accounts the cost of shares in subsidiary undertakings is offset against their equity at the time of acquisition, and inter-company transactions and balances at the year-end are eliminated.

Investments in associated undertakings are accounted for using the equity method. The investment is valued as a percentage of the undertaking's equity, and the equivalent share of its profit is included under net interest payable.

Accounting policies

The annual accounts have been prepared in accordance with the provisions for large companies in the Financial Reporting Act (Norway). The impact of the new accounting policies on the group's equity is illustrated in note 12. The profit and loss account figures for 1998 have not been restated.

The trading subsidiaries are the general partners in their respective internal partnerships. The accounts of these partnerships are included gross in the accounts of the general partner. The silent partners' share of the internal partnership's profit is charged to the profit and loss account under "Staff costs" and "Share of profit to silent partners".

Tangible fixed assets are carried at cost less accumulated depreciation on a straight-line basis over their estimated useful life.

Trade and other debtors are carried at their nominal value less a provision for anticipated bad debts. Bad debts have been reclassified under "Other operating costs" in accordance with the new Financial Reporting Act.

Financial instruments held as part of a trading portfolio and traded in an efficient market are carried at their net realisable value at the year-end. Other financial instruments are valued at the lower of average cost and net realisable value at the year-end.

Pensions are accounted for on the basis of uniform accrual and anticipated final salary. Actuarial gains/losses in excess of 10% of the greater of pension liabilities and scheme assets are amortised over members' estimated remaining service lives.

The tax charge reported is based on the profit before tax for accounting purposes. Tax on equity transactions is dealt with in equity. The tax charge consists of tax payable, changes in deferred tax and claims for the reimbursement of personal taxes under the Tax Act (Norway). In the group balance sheet deferred tax liabilities at one subsidiary are offset against deferred tax assets at another.

Liabilities are recorded at their nominal value at the time they arise.

Monetary items in foreign currencies are translated at the closing rates of exchange.

Note 2

Operating income - group:

	1999	1998
Equity brokerage	92,887	63,025
Debt brokerage	24,603	33,208
Business management	7,531	7,543
Property brokerage	7,984	9,790
Other project income	158,000	118,204
Total operating income	291,005	231,770

Note 3

Staff costs, staff numbers, remuneration etc

	Parent company		Group	
	1999	1998	1999	1998
Salaries and holiday benefits	203	203	19,025	16,938
Performance related benefits	0	0	13,293	11,142
Remuneration of silent partners	0	0	35,112	26,666
Social security costs	28	28	5,381	5,209
Pension and other staff costs	0	0	3,711	3,532
Total	231	231	76,522	63,487
Average number of employees	1	1	87	76

The general manager received benefits totalling NOK 202,744. The auditor received fees of NOK 41,000 for auditing and NOK 11,000 for accountancy services. No directors' emoluments were paid.

Note 4

Tangible fixed assets - group:

	Fixtures, fittings office machines, etc.	Goodwill
Cost on 1 Jan 99	25,923	100
Additions	3,597	0
Disposals	121	0
Cost on 31 Dec 99	29,399	100
Depreciation on 1 Jan 99	17,234	0
Year's depreciation	3,663	30
Depreciation on 31 Dec 99	20,897	30
Net book value on 31 Dec 99	8,502	70

Tangible fixed assets are written down on a straight-line basis over their estimated useful life of 3-10 years.

Note 5

Shares in subsidiaries:

Company	Office	Share of capital and votes	Book value on 31 Dec 99	Equity on 31 Dec 99
Pareto AS	Oslo	100.00 %	145,573,431	258,875,000

Note 6

Other shares/bonds:

	Number	Book value	Market value
Other shares/primary capital certificates held by parent company:			
Schibsted Gruppen AS	3,511	409,692	528,405
Norsk Hydro ASA	1,000	329,586	340,000
Sparebanken Midt-Norge grunnfond	1,890	350,699	430,920
Norges Handels og Sjøfartstidende	1,500	1,053,150	1,282,500
Total held by parent company		2,143,127	2,581,825

Name	Registered Office	Share of capital and votes	Book value on 31 Dec 99	Equity on 31 Dec 99
Garde ASA	Stavanger	25.00 %	14,318,427	45,501,009
Bergen Fondsforvaltn.	Bergen	100.00 %	500,000	497,419
Pareto Fondsforvaltn.	Oslo	49.00 %	1,317,663	2,689,108
Pareto Finans ASA	Oslo	100.00 %	7,000,000	6,994,492
CBF Energimegling AS		14.00 %	5,090,909	
Forskningsparken AS		-	10,000	
Product Invest AS		-	48,000	
EPI AS		-	29,412	
Total shares in other group undertakings			28,314,411	

Note 7

Deposits in the Pareto Group pension fund total NOK 340.000.

Note 8

Pensions

The company operates pension schemes with a total of 92 members. The insurance industry's standard actuarial assumptions for demographic factors and leavers have been used.

	1999
Present value of accrued pension benefits	3,074
Interest payable on pension liabilities	870
Return on pension scheme assets	-1,268
Net pension costs excluding employer's contributions	2,676
Accrued employer's contributions	409
Net pension costs including employer's contributions	3,085
Estimated pension liabilities	-17,231
Pension scheme assets at market value	19,190
Accrued employer's contributions	173
Capitalised net pension overfunding (including employer's contributions)	2,132
Unfunded pension liabilities (including employer's contributions)	-1,200
Economic assumptions:	
Return on scheme assets	7.0 - 8.0 %
Discount rate	6.0 - 7.0 %
Wage growth	2.0 - 3.3 %
Growth in Norwegian social security multiplier	2.0 - 3.0 %

Note 9

Investments in partnership.

The group's investments in limited and general partnerships are held by the subsidiaries. These holdings are included in the accounts net with the group's share of profit included under net interest payable and its share of the net equity as a fixed asset.

	Type	Interest (%)	Capital not yet called up	Profit/loss 1999	Book value
KS Solakrossen	Property	10.0	24	-5	19
KS Skagen Hotellbygg	Hotel	1.0	95	64	166
KS Stamar	Wound up	1.0	0	1	0
Total limited partnerships			119	60	185
ANS Madam Felle	Tunnellborem.	0.5		-1	2
Total partnership				59	187

Note 10

Amounts owed by group undertakings are carried at their nominal value less a specific provision for bad debts of NOK 631,744 as at 31 December 1999. Bad debts of NOK 78,960 were charged against profit in 1999.

Note 11

Securities

	Number		Book value	Market value
Securities funds - parent company:				
Pareto Likviditet	10,092		10,239,841	10,239,841
Pareto OBL-II	10,085		10,113,538	10,113,538
Total securities funds - parent company			20,353,379	
	Number	Cost	Book value	Market value
Marketable shares/primary capital certificates:				
Adresseavisen	10,616	4,160,772	3,503,280	3,503,280
Bolig- og Næringsbanken	33,393	5,069,346	6,177,705	6,177,705
DnB Holding	145,619	4,551,422	4,790,865	4,790,865
Elkem	12,500	2,294,400	2,325,000	2,325,000
Norsk Hydro	17,310	5,595,285	5,885,400	5,885,400
Orkla	39,250	4,799,102	5,455,750	5,455,750
Petroleum Geo-Services	34,800	4,821,866	5,011,200	5,011,200
Sparebanken NOR	90,000	15,459,606	16,650,000	16,650,000
Sparebanken Pluss	46,100	5,830,538	8,298,000	8,298,000
Sparebanken Midt-Norge Grunnfond	23,000	4,458,156	5,244,000	5,244,000
Sparebanken Rogaland Grunnfond	66,150	14,589,050	16,537,500	16,537,500
Stavanger Aftenblad ASA	90,821	5,932,997	5,903,365	5,903,365
Tandberg	35,800	3,454,670	3,794,800	3,794,800
Others		8,436,684	7,849,971	7,849,971
Other shares:				
Asker og Bærum Budstikke	1,590		63,900	76,320
Bergens Tidende	3,189		877,690	877,690
Norges Handels & Sjøfartstidende	9,424		5,096,152	6,596,800
Odd lots and other small holdings of listed shares			698,743	698,743
Bonds:				
Helgeland Kraft 12,75%			9,136,327	9,136,327
Sparebanken Rogaland 6,10%			22,972,560	22,972,560
Total book value of shares/bonds - group undertakings			136,272,208	

Note 12

Bank deposits

The parent company has bank deposits of NOK 15,518 restricted in respect of taxes deducted at source.

NOK 11,773,251 of the group's bank deposits are restricted, of which NOK 4,927,118 in respect of taxes deducted at source.

Note 13

Shareholders' equity

Parent company	Share capital	reserves	Non distributable reserves	Total
Equity on 31 Dec 98	50,000,000	2,550,000	125,462,370	178,012,370
Reclassification	0	-2,550,000	2,550,000	0
Total equity as reclassified on 31 Dec 99	50,000,000	0	128,012,370	178,012,370
Capitalised deferred tax assets			911,954	911,954
Total equity as restated on 31 Dec 99	50,000,000	0	128,924,324	178,924,324
Profit and loss account			1,142,743	1,142,743
Total equity on 31 Dec 99	50,000,000	0	130,067,067	180,067,067

Group	Share capital	Reserves	Total
Equity on 31 Dec 98	50,000	152,918	202,918
Minority interests on 31 Dec 98		33,152	33,152
Net recognised pension liabilities		-17	-17
Capitalised deferred tax assets		2,751	2,751
Reduction in deferred tax liabilities		41	41
Total equity as restated on 1 Jan 99	50,000	188,845	238,845
Net cash flow from minority interests		5,587	5,587
Premiums paid on acquisitions		763	763
Profit and loss account		71,404	71,404
Provision for dividends		-23,230	-23,230
Total equity on 31 Dec 99	50,000	243,369	293,369

On 31 December 1999 the company had share capital of NOK 50,000,000 divided into 500,000 shares each with a par value of NOK 100, held as follows:

	Number	Share of capital and votes
Svein Støle	350,000	70.0%
Artship AS / Anders Endreson	75,000	15.0%
Erik Bartnes	75,000	15.0%
	500,000	100.0%

Note 14

Tax

	Parent company	Group
Profit before tax	1,446	118,625
Permanent timing differences	-70	-7,475
Change in temporary timing differences	-1,154	-8,605
Tax losses brought forward	0	-12,586
Taxable income for the year	222	89,959
Tax at 28%	62	25,192
Credits in respect of dividend income	-31	-1,116
Tax payable before reimbursement of personal taxes	31	24,076
Reimbursement claims under § 31.5 of Tax Act	0	19,810
Tax payable	31	43,886
Breakdown of temporary timing differences	Parent company	Group
Current assets	0	6,190
Fixed assets	-2,284	12,440
Current liabilities	0	-598
Long-term liabilities	0	-1,739
Tax losses brought forward	0	-2,532
Basis for the calculation of deferred tax assets/liabilities	-2,284	13,761
28% tax on deferred tax assets/liabilities	-640	3,852
Year's tax charge	Parent company	Group
Tax payable	31	24,076
Reimbursement claims under § 31.5 of Tax Act	0	19,810
Over-allowance for reimbursement claims in previous year	0	-26
Change in deferred tax assets/liabilities	272	3,361
Tax charge	303	47,221

Note 15

Pareto Fonds ASA is required by law to provide guarantees in favour of the Norwegian Banking, Insurance and Securities Commission and Norges Bank. Brokerage guarantees totalling NOK 128 million have been provided by the company's bankers, secured against a first factoring charge on its trade debtors and a charge on securities held as current assets.

A tenant guarantee of NOK 1.4 million has also been provided.



Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Vilfredo AS

AUDITOR'S REPORT FOR 1999

We have audited the annual financial statements of the Vilfredo AS as of 31 December 1999, showing a profit of NOK 1.142.743 for the parent company and a profit of NOK 71.404.000 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. 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 1999, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles
- 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
- 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, April 28, 2000
DELOITTE & TOUCHE

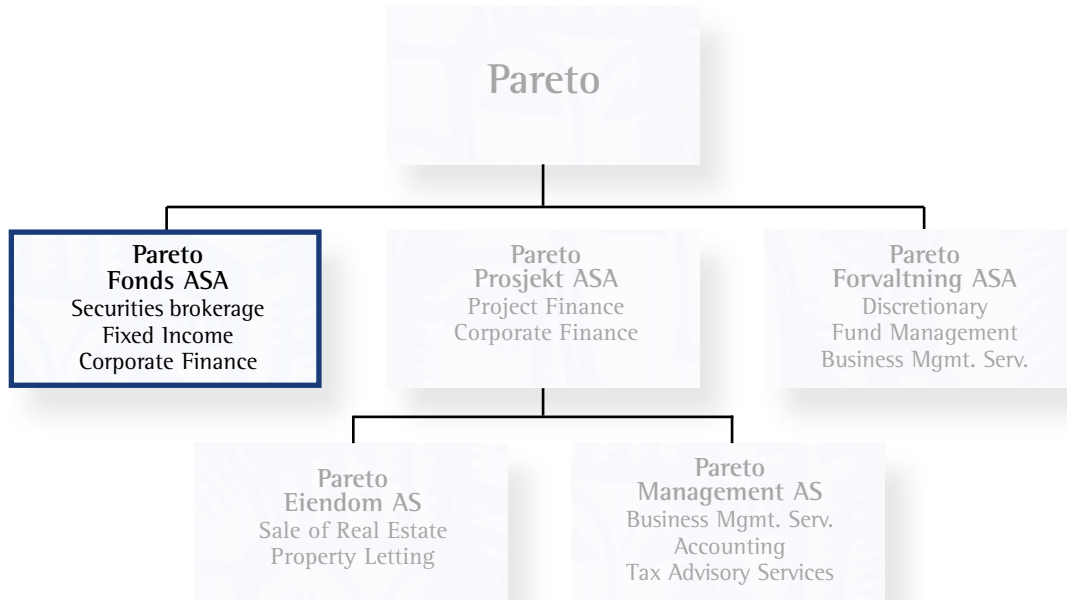
Arne Tellesbø
State Authorised Public Accountant (Norway)

Deloitte Touche
Tohmatsu

Bergen Florø Forde Haugesund Kristiansand Kristiansund Lyngdal
Oslo Sogndal Stavanger Steinkjer Trondheim Tønsberg Volda Ørsta

Medlemmer av Den norske Revisorforening

Management report



Pareto Fonds ASA

Pareto Fonds' business is the provision of equity and debt brokerage and of analysis and advice in connection with new issues, mergers and acquisitions and valuations.

Business concept and strategy

Expertise, a professional approach and profitability are key factors in the development of the company. Its operations build on a solid research department. The company's fundamental philosophy is to be a broker and adviser above all else. The company undertakes its own investments where needed for equity market-making and trading in the debt market. Excess cash is invested in equities and bonds.

Financial performance

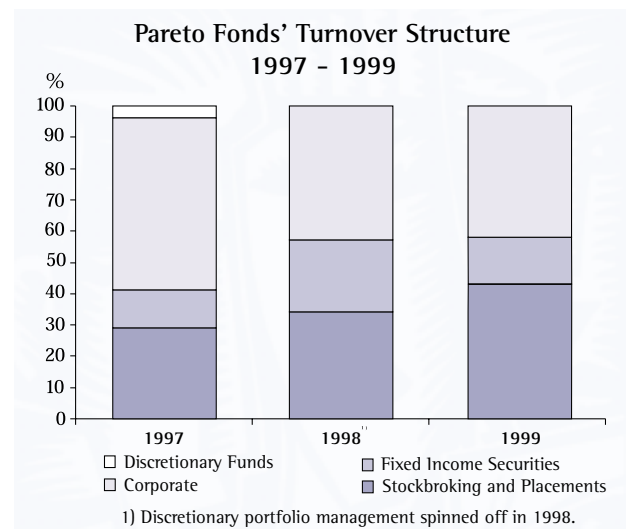
Pareto Fonds generated operating income of NOK 230.3 million in 1999, compared with NOK 186.5 million in 1998. Operating profit after bonuses and performance-related costs was NOK 131.6 million, compared with NOK 104.0 million in 1998. The net profit for the year was NOK 52.1 million in 1999, compared with NOK 33.4 million in 1998.

All in all 1999 was a very good year for Pareto Fonds. The company is managed conservatively in terms of overheads, and profitability is good relative to both the number of employees and capital employed. All areas of the company's business were profitable in 1999.

Markets

Equity market

In the light of the brighter outlook for the global economy, most equity markets again performed well in 1999. The Morgan Stanley Capital International World Index gained 26.3%. The markets in Asia, Latin America and Russia rallied strongly after the problems in 1998 resulting from the financial crisis in these regions. Western stock exchanges also performed well, but the year brought major differences between sectors. Technology stocks continued to soar, with the Nasdaq climbing 85%. The Standard and Poor's 500 index posted more moderate growth of 19.5%. The European market also fared well, with the FTSE Eurotop 300 rising 21.3%.



The Nordic exchanges performed well as a whole. Finland offered by far the best return (+162%), while Sweden and Norway climbed 66.4% and 45.5% respectively. The Danish market featured relatively poor growth of 21.5%. The surge in share prices in Finland and Sweden was largely down to particularly strong growth in Nokia (+245%) and Ericsson (+183%).

The growth in Norwegian share prices was due primarily to a sharp increase in oil prices, the fall in short-term interest rates, an upturn in cyclical stocks and a high number of acquisitions of listed companies. Companies for which bids were made included large companies such as Saga, Dyno, Elkjøp, NCL, Christiania Bank og Kreditkasse, Helikopter Service and Selmer. The IT & Communication sector recorded the greatest gain on the Oslo exchange (+120.7%). The shipping index climbed 48.9% and the industrial index 48.0%. The weakest growth was in financial services stocks (+26.9%).

Strong international interest in IT and telecommunications resulted in strong price growth for the large technology companies on the exchange again in 1999. Opticom climbed no less than 2,329% to become one of the five largest listed companies in Norway in terms of market capitalisation at the year-end, and NetCom climbed 102%. Higher growth forecasts for the global economy paved the way for strong growth in cyclical stocks: Elkem gained 103.3% and Norske Skog 88.3%, although Norsk Hydro rose just 30.7%. The brighter growth outlook also boosted shipping stocks, with Frontline climbing 196.6% and Bergesen 60.4%.

The sharp increase in oil prices, with Brent Blend spot rising 145% from USD 10.41 to USD 25.51 per barrel during the year, triggered growth in some offshore stocks, including Petroleum Geo-Services (+47.2%). Financial services stocks underperformed the rest of the market on account of the rise in long bond yields and the poor performance of bank stocks internationally.

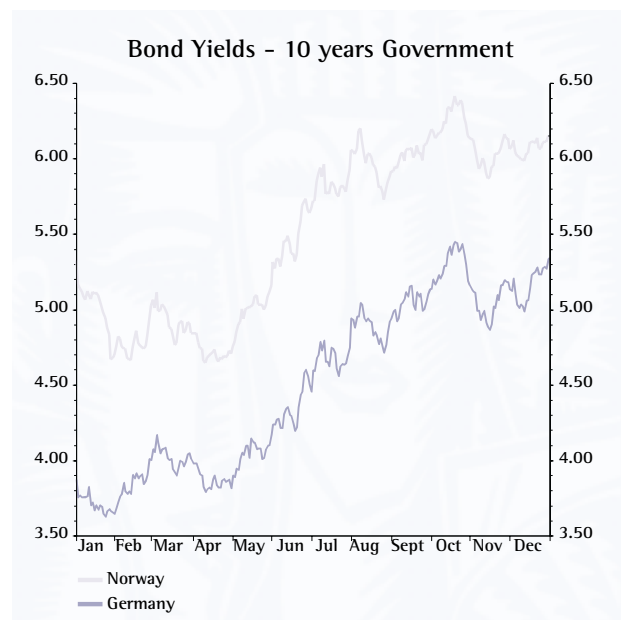
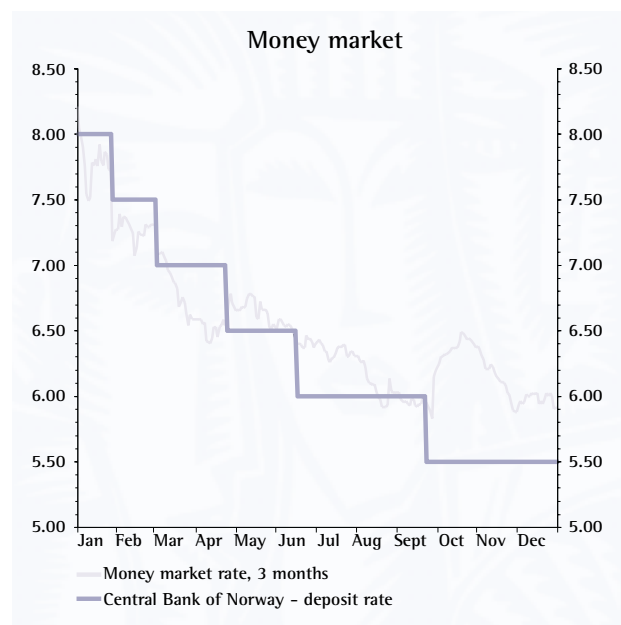
Otherwise it was a mixed picture for the largest companies. Cruise stocks generated a solid return (NCL +92.2%, Royal Caribbean Cruises +33.2%) while Nycomed Amersham lagged behind the market with growth of just 4.2%. The year also brought considerable interest and growth in unlisted equities.

The combined market value of all shares registered with the Norwegian Central Securities Depository (VPS)

climbed NOK 159.4 billion to NOK 512 billion in 1999. Ten new companies came to market, while the total number of companies listed on the Oslo Stock Exchange fell to 215. New issues of equities totalled NOK 14.4 billion in 1999, compared with NOK 11.4 billion in 1998. Turnover in the secondary market climbed 38% to NOK 445.6 billion and the turnover rate on the Oslo exchange was 89.3%, compared with 63.0% in 1998.

Debt market

Until 1998 the role of interest rates was to maintain equilibrium in the currency markets based on the idea that a stable exchange rate is a prerequisite for moderate inflation. However, this system for setting



interest rates collapsed in August 1998. Since the beginning of 1999, monetary policy has been given the role of maintaining a balance in the Norwegian economy with a view to laying the foundations for a stable exchange rate in the longer term. This change of regime allowed Norges Bank to cut interest rates in five steps during 1999 by a total of 2.5 percentage points, irrespective of the performance of the krone. As a result, three-month money market rates dropped from more than 8% at the beginning of the year to around 6% at the end of December. This averted economic stagnation and recession. Towards the end of the year the central bank indicated that interest rates were now at or close to a cyclical low.

Long Norwegian bond yields are largely dependent on their German counterparts, which in turn are highly reliant on the US bond market. Ten-year US Treasury yields rose markedly in 1999 on account of surprisingly strong economic growth and record-low unemployment. To counter the risk of higher inflation, the Federal Reserve raised its key interest rates three times by a total of 0.75 percentage points, so "cancelling out" the cuts made in 1998. In Europe there were increasing signs of economic growth picking up. At the same time inflation increased due to the rise in oil prices. Finally the central bank expressed fears that higher wage settlements could lead to higher consumer price inflation. With this in mind, the European Central Bank increased its key interest rates by 0.5 percentage points on 4 November. This increase was anticipated.

Operations

1999 was another busy year for Pareto Fonds. Besides increasing its market share in the secondary market, the company sponsored new issues and provided advisory services for a range of companies and organisations. These projects varied widely and included sponsoring equity, bond and money market issues, putting together underwriting syndicates, assisting with the acquisition and disposal of controlling shareholdings, managing takeover bids, producing strategies and plans and providing general financial advice.

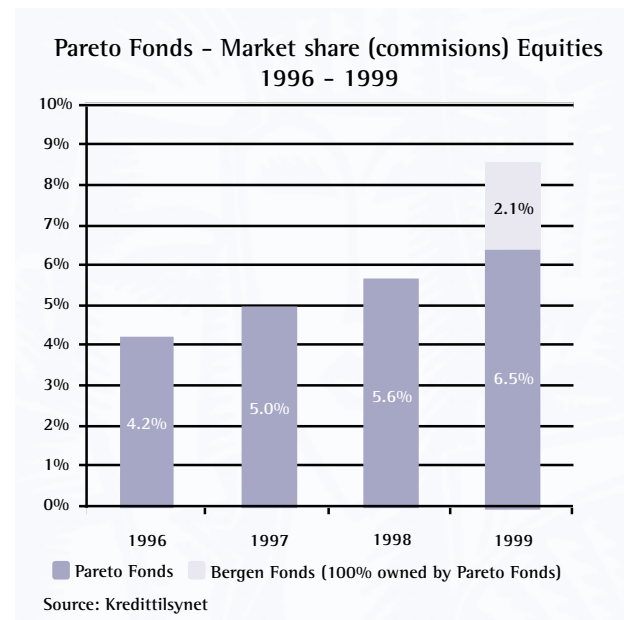
Equity brokerage and research

Pareto Fonds' team of ten analysts monitors all the sectors and most of the large companies on the Oslo Stock Exchange and publishes a monthly market report covering around 110 of the most important listed companies. Most companies were visited during the

year and many were given an opportunity to hold presentations for our investor clients and associates. The team also produces regular sector and company reports. Our morning and weekly reports aim to keep clients abreast of international trends and developments that can be expected to impact on the Oslo Stock Exchange. Pareto Fonds' research products are made available to clients through its website: www.pareto.no.

In September Pareto Fonds arranged its sixth annual oil and offshore seminar, which is now established as the leading investment forum in Norway for oil and oil-related companies. 40 listed companies held presentations at the seminar, which was attended by almost 500 major private and institutional investors from Norway and abroad.

Pareto Fonds had a market share of 8.6% (6.5% excluding Bergen Fondsmeglerforretning) of equity trading on the Oslo Stock Exchange in terms of brokerage income, up from 5.6% in 1998 and 5.0% in 1997.



Advisory services

Activity in the advisory services market was high throughout the year, particularly during the second half, and again this was Pareto Fonds' largest area of business in terms of income.

The oil/offshore, ICT (information, communication and technology) and cruise/shipping segments accounted for most activity in 1999. The company strengthened

its focus on the ICT sector during the year and is already reaping the rewards of this move. The company's focus on the power/energy sector has also laid solid foundations for further growth.

Pareto Fonds undertook a number of projects for the public authorities during the year, including a fairness opinion for the Ministry of Transport and Communications on the merger agreement between Postbanken and Den norske Bank, participation in the partial privatisation of the state's holding in Christiania Bank og Kreditkasse for the Norwegian Government Bank Investment Fund, and advisory services for the Ministry of Petroleum and Energy concerning the potential restructuring of the State's interests in the oil sector.

Pareto Fonds carried out more than 70 projects in 1999, the largest being for the following clients:

CHC Helicopter Corp.	Acquisition of Helicopter Services Group
Information Highway AB	Acquisition of three companies
MeritaNordbanken	Acquisition of Kreditkassen (ongoing)
MPE	Advisor, State's Petroleum interests
Navis	Share issue
Ocean Rig	Share issue
Petroleum Geo-Services	Share issue
Port Authority	Share issue
Royal Caribbean Cruises	Share issue
Saga Petroleum	Sale of FPSO to PGS
Sense Communications	Share issue
Statens Bankinvesteringsfond	Sale of shares in Kreditkassen
Tandberg ASA	Share issue
Vickers plc.	Acquisition of Ulstein Holding

Clients are asking more and more in terms of both expertise and distribution. Pareto Fonds has expanded its advisory services team considerably in recent years with a view to offering a complete service. This has brought rising capacity combined with an active focus on new segments. The company is therefore well equipped to take on major projects in its main focus

areas - oil/offshore, banking, ICT, cruise, shipping and power/energy - as well as special segments such as construction, property and retail/foods.

Continued high levels of activity in the advisory market are expected in the year 2000.

Debt brokerage

Money-market instruments

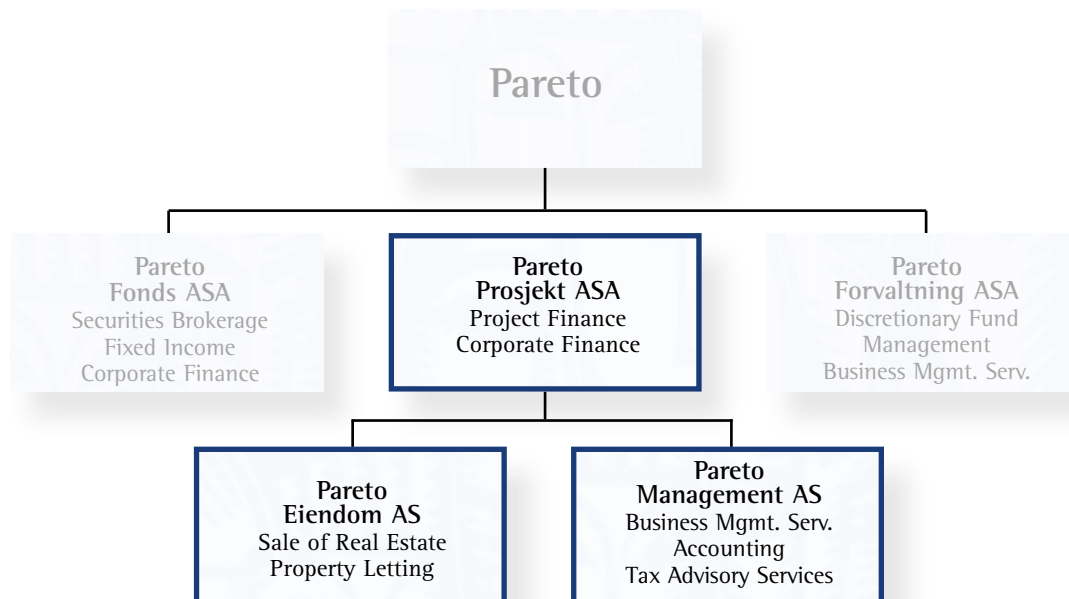
1999 saw the issue of certificates worth around NOK 224 billion including tap stock but excluding Treasury bills, with Pareto Fonds handling around NOK 11.43 billion or 5.1% of this. The company's share of secondary trading in Treasury bills was 17.4%.

Bond loans

Pareto Fonds managed the issue of bonds worth NOK 6.47 billion for the following in 1999:

Avantor
 Canadian Government
 Christiania Bank og Kreditkasse
 Eksporthfinans
 Finansbanken
 Landkreditt
 Nordlandsbanken
 Romsdals Fellesbank
 Sparebanken Møre
 Sparebanken Nord-Norge
 Sparebanken Sør
 Sparebanken Vest
 SR Bank
 Statkraft

The company's share of secondary trading in listed bonds was 16.9% for industrial loans, 25.4% for bank/finance company loans, 22.1% for government corporation loans, 21.9% for local/regional authority loans and 8.6% for credit company loans. The company's activity in the gilt market was negligible since gilt pricing and trading are not a priority area for the company.



Pareto Prosjekt ASA

Pareto Prosjekt is the parent company of Pareto Eiendom AS and Pareto Management AS.

Business concept and strategy

Pareto Prosjekt's goals are to provide project finance, financial advice and corporate finance services for clients in Norway and abroad. The company also offers professional commercial property brokerage through Pareto Eiendom and business management services through Pareto Management.

The company attaches great importance to quality and a long-term approach, and features a highly qualified team prioritising integrity and profit-oriented solutions.

The goal is for Pareto Prosjekt to be the leader in its markets in Norway.

Pareto Prosjekt had a very good year in 1999, with progress noted in most areas.

Project finance - property

The property market performed well in 1999. Pareto Prosjekt completed several highly successful syndications during the year, including:

- All Braathens buildings at Gardermoen airport
- Atlas Copco's head office in Oslo
- Aker Offshore Partner's head office in Stavanger

Pareto Prosjekt experienced strong interest in these new property projects from the investor market during the

year. Considering that many investors have realised major gains in the equity market, many are gradually feeling a need to diversify. This resulted in, among other things, considerable interest in moving some of their assets into commercial property projects safeguarded through long leases.

Project finance - shipping

In the light of the weak shipping markets, Pareto Prosjekt reduced its focus on the syndication of shipping projects. Nevertheless we completed a large sale-and-leaseback transaction for A.P. Møller. We observe that shipping as a sector is attracting less interest in the investor market than before, and Pareto Prosjekt naturally takes this seriously. However, we still have faith in shipping in the long term and are monitoring the situation carefully. We see that weak shipping markets create opportunities for new types of transaction. Many shipowners previously operating in competition with each other are now looking at solutions involving alliances and mergers. This creates opportunities for Pareto Prosjekt.

Corporate Finance

The focus on corporate finance was maintained in 1999 and the company decided to apply for limited authorisation to operate as a securities company, which was granted during the year. Pareto Prosjekt is actively focusing on small and medium-sized companies, particularly in the ICT sector. Pareto Prosjekt typically works on new issues worth around NOK 10-50 million.

Besides advice in connection with new issues, the company provides financial advice on the acquisition

and disposal of businesses and advice on mergers and demergers.

Major transactions in which Pareto Prosjekt was involved during 1999 included:

- Sale of Good Morning Hotels hotel chain
- Formation of ResidenSea Invest KS
- New issue at Havila ASA
- New issue at Protective Technology ASA

Pareto Prosjekt works closely with Pareto Fonds on corporate finance, which means that together we can take a company from the seed phase right through to flotation. This partnership has been warmly welcomed by the market.

Personnel

Pareto Prosjekt substantially strengthened its workforce in 1999, leaving it a very strong player when it comes to managing complex projects in the corporate finance and project finance fields.

The Pareto Prosjekt group has a total of 20 employees.

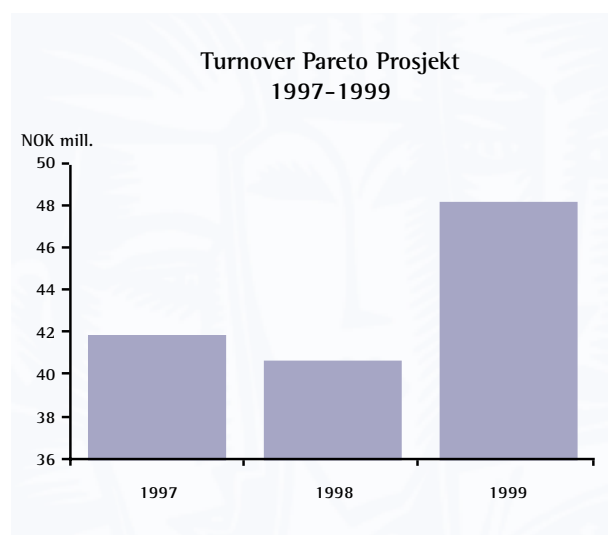
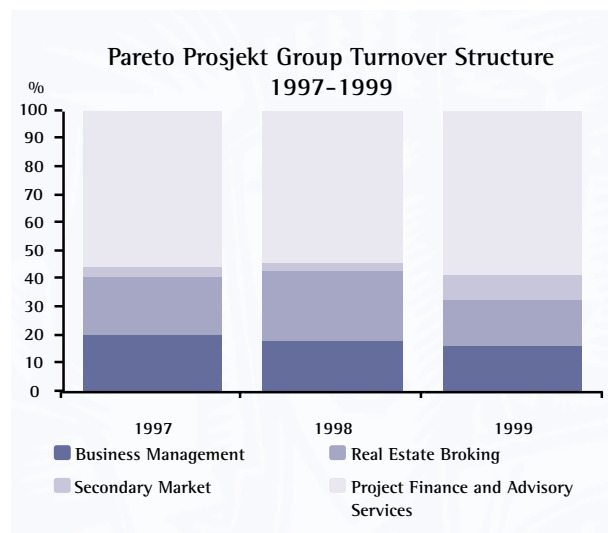
Authorisation

In 1999 Pareto Prosjekt ASA received limited authorisation from the Norwegian Banking, Insurance and Securities Commission to operate as a securities company. In connection with the work on this authorisation, the company undertook a detailed review of its operations to assure quality at every stage and reduce the risk of errors and financial losses.

Financial performance

The Pareto Prosjekt group generated operating income of NOK 48.2 million in 1999, compared with NOK

40.7 million in 1998. Operating profit after bonuses and performance-related costs was NOK 29.5 million, compared with NOK 22.4 million in 1998. The net profit for the year was NOK 9.5 million in 1999, compared with NOK 8.0 million in 1998.



Outlook

High levels of activity are expected in all priority areas again in the year 2000.

To meet the competition from new players that have established themselves in the syndication market, Pareto Prosjekt intends to sustain its sharp focus on the quality and content of the projects it presents to the market; investors must feel confident that Pareto's projects have been comprehensively researched and evaluated. Pareto Prosjekt will also aim to be a long-term partner for its clients and associates.

We will continue to prioritise the syndication of property projects. In the current climate we can offer equity investors good potential returns.

We are noting a steady stream of new projects in the corporate finance field and we have great faith in this business in the year 2000.

We expect year 2000 to be a good year for Pareto Prosjekt.

Pareto Management AS

Pareto Management is an authorised business management company featuring five managers with extensive experience of accountancy and tax from the group's own brokerage operations and from the shipping and property sectors.

The company provides a comprehensive range of business management services covering book-keeping, tax documentation/advice, cash management and secretarial services for around 60 clients investing directly in shipping, offshore, property and industry. Clients include limited companies, limited partnerships, general partnerships and internal partnerships.

Traditionally investments in shipping through limited partnerships have been the main source of income. There was a sharp drop in interest in this type of investment vehicle in the 1990s, but income from shipping and offshore business still accounts for more than 50% of management income.

Meanwhile, income from property companies has moved in the opposite direction, rising on account of lower long bond yields and the resultant increase in property prices. Over 30% of management income now stems from property investment companies.

The company has generated healthy earnings and maintained a solid equity base since its formation in 1986. 1999 was a good year for Pareto Management, which won new management contracts representing annual income of more than NOK 2 million. Pareto Management therefore expects the year 2000 to be another satisfactory year.

Pareto Eiendom AS

Goals

Pareto Eiendom aims to be a leading player in the market for advice, sales and letting of large commercial properties. We aim to take a long-term approach to our work and maintain high standards of quality when carrying out our projects.

The company performed well in 1999. Pareto Eiendom was involved in several large projects in both lettings and sales, and established itself as a player in the market for large projects. The company also assisted various companies in connection with strategic property valuations. The company took on two new brokers during the year and is in a good position for continued growth.

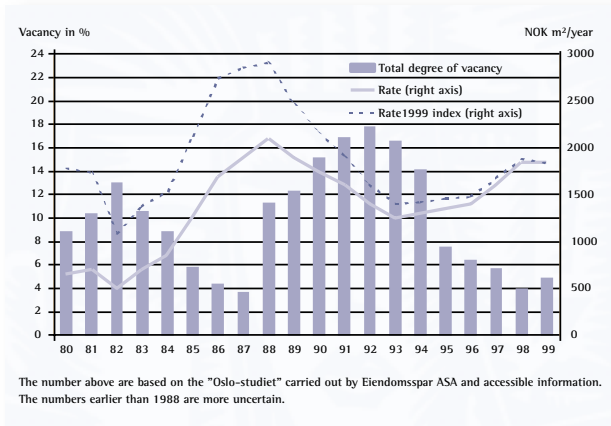
Letting market

Rents levelled off in 1999 as expected and showed signs of falling in some segments. Outdated properties and properties on the outskirts of Oslo saw the sharpest correction, while modern buildings in prime locations held up best, particularly in Oslo city centre where rents are still very high and large amounts of space in modern properties are hard to come by.

According to Eiendomsspar ASA's annual survey, total vacancy in the market for office accommodation in Oslo, Asker and Bærum was around 370,000 m² or 5%, an increase of around one percentage point on 1998. Vacancy has increased in the outskirts but remains extremely low in the areas closest to the city centre and in western Oslo. It is expected that the number of projects completed in the year 2000 will be roughly the same as in 1999 (approximately 210,000 m²) and that the absorption of space will be around the same level.

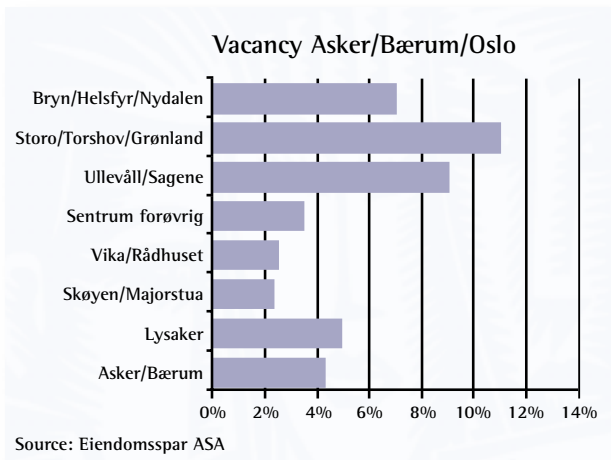
Although rents have risen substantially in recent years, they still have some way to go before reaching 1998 levels in nominal terms and an extremely long way to go once inflation is taken into account. The chart below looks at rents for office accommodation of a

high standard in prime locations in Oslo city centre. The lines show the average annual rent per square metre in nominal terms (solid line) and real terms (dotted line), while the columns show percentage vacancy.



As can be seen, rents for office accommodation of a high standard in Oslo city centre climbed 50% from NOK 1,250 to NOK 1,875 per m²/year in nominal terms from 1993 to 1999. Since their 1988 peak, rents have fallen 12% in nominal terms and around 37% in real terms. In today's prices, quality office accommodation in prime locations in Oslo was commanding rents of almost NOK 3,000 per m²/year in 1988.

Although rents have rallied strongly in recent years, this is partly a result of the extreme correction of rent levels after 1988. The letting market is therefore more robust today even if vacancy is not that different to 1988. Developers are also demanding a higher level of occupancy before new projects get off the ground than was the case in the late 1980s.



The major changes in the IT and communications industry are helping to transform the supply side of the property market. These companies grow and change rapidly and ask a lot not only of the flexibility and expansion potential of the accommodation but also of the flexibility of the lease. However, landlords are keen to sign long leases and so in the current market many tenants are being forced to accept leases that are not tailored to their businesses, resulting in a growing incidence of subletting in the market. Furthermore, skilled labour is in short supply for many of these companies so they are not keen to move to the outskirts of the city where they can secure more flexible leases for fear of losing employees.

Description of standard and location	Rate	Average
Prestige – best Aker Brygge and Vika	2.400 – 2.800	2.600
High standard – Oslo centre – Vika	1.900 – 2.400	2.150
High standard – Oslo centre remaining	1.500 – 1.800	1.650
Normal standard – Oslo centre	950 – 1.400	1.175
High standard – Lysaker and Skøyen	1.600 – 1.900	1.750
High standard – Nydalen	1.300 – 1.500	1.400
High standard – Bryn and Økern	1.200 – 1.400	1.300
Oslo – warehouse min. 6m headroom	700 – 850	775

The table indicates the rents currently commanded by commercial premises. Individual differences in location, standard and terms may result in rents outside the intervals shown.

Rents are generally expected to be stable in the year 2000. However, we are seeing positive signs in the market for modern properties in Oslo city centre and the west of the city and are anticipating a small increase in rents for premises vacated during the year. However, a number of major property projects are planned for 2001 and 2002 and so we are not expecting any increase in rents in western Oslo for developments completed during that period.

The differentiation of the market is set to continue. In future tenants will be making greater demands in terms of location, accessibility, efficiency and quality, and areas/buildings without all these qualities will fall behind.

Investor market

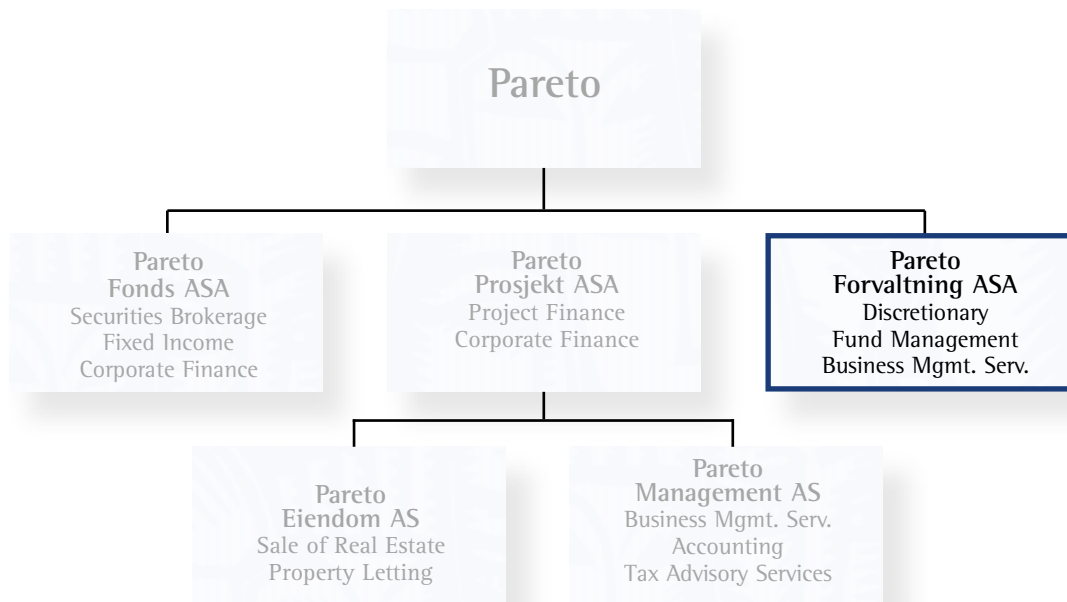
As a result of the increase in long bond yields, the required rate of return on property generally increased somewhat during 1999. Projects with relatively short leases and/or a more limited tenant market have fallen most in value, while modern properties with long

leases have held up well. We have seen considerable differentiation in pricing in the investor market too. However, we believe that the difference in the required rate of return between good and less good projects is still too small. Once the most and least attractive properties are ignored, we can state in general terms that fully let buildings are selling at yields of 8-10%. The margin of two percentage points is too narrow in our opinion and does not reflect the real difference in risk.

Overall we estimate that property values are currently as follows:

Description of standard and location	Faktor	Yield
Prestige – best Aker Brygge and Vika	13,0 – 14,0	7,1 – 7,7
High standard – Oslo centre – Vika	13,0 – 13,5	7,4 – 7,7
High standard – Oslo centre remaining	12,0 – 13,0	7,7 – 8,3
Normal standard – Oslo centre	10,5 – 12,0	8,3 – 9,5
High standard – Lysaker and Skøyen	11,5 – 13,0	7,7 – 8,7
High standard – Nydalen	10,0 – 12,5	8,0 – 10,0
High standard – Bryn and Økern	10,0 – 12,5	8,0 – 10,0
Oslo – warehouse min. 6m headroom	9,0 – 11,0	9,1 – 11,1

The table above indicates the market price for properties of a modern standard with good leases as a multiple of net rental income. Properties with particularly long and secure leases may deviate somewhat from the levels indicated.



Pareto Forvaltning ASA

Pareto Fonds launched a discretionary portfolio management business in the spring of 1995. Pareto Forvaltning ASA was set up in the autumn of 1998 on account of the growth in this business and our desire to expand in the management market.

The company offers both discretionary portfolio management and business management services for investors in the securities markets. Clients include large and medium-sized players in both the public and the private sectors, pension funds, foundations and wealthy private investors. The company has nine employees, including six managers with an average of 15 years' relevant experience. Services such as settlement and book-keeping are bought in from Pareto Fonds and Pareto Management. When it comes to investing in foreign securities, the company has built up a close relationship with Credit Suisse, a world leader in advisory and management services in the international market with over 60,000 employees.

Pareto Forvaltning managed assets of NOK 4.5 billion on a portfolio or business management basis at the end of February 2000, including around NOK 1.6 billion for 150 discretionary portfolio management clients.

As part of the company's ambitions in terms of growth and a regional footing, Pareto Forvaltning acquired Garde Aktiv Forvaltning in Stavanger in February 2000. This company was previously owned by Garde Fonds and managed a portfolio of NOK 650 million. Pareto Forvaltning has entered into a cooperation agreement with Garde Fonds to cement our market position in

the Stavanger region. Fund management company Pareto Fondsforvaltning AS was formed in September 1999 to bolster the range of asset management services on offer. The object of the funds is to invest their assets with a view to securing the maximum risk-weighted return for unit-holders. Pareto Fondsforvaltning aims in the first instance to offer clients investments in debt instruments through three funds: the money market fund Pareto Likviditet and the bond funds Pareto OBL-I and Pareto OBL-II.

Business concept and management philosophy

Our business concept is based on the fact that each investor has his own unique risk profile and so individual management solutions are essential for high-quality, risk-oriented asset management. The company's management concept entails supplying combinations of management modules that can be customised to clients' individual needs and risk profiles.

The company's management services are based on thorough in-house research. Investment in the Norwegian equity market is limited, normally to 10-20 different positions, since the company believes that this ensures a suitable spread of risk while allowing thorough and continuous follow-up of each individual exposure.

Business management

Many investors prefer to manage all or parts of their assets themselves but find this problematic on account of limited in-house resources, in terms of expertise, systems and so on. Alongside traditional portfolio

management Pareto Forvaltning has launched a business management concept where it acts as a strategic partner for the investor's own asset management environment. This is a flexible and effective concept for large-scale investors which recognise the value of outsourcing parts of their management operation yet wish to retain a high degree of control and influence over the various phases of the investment process.

This service comprises a flexible range of modules which might include:

Investment strategy:

- formulating investment policy/strategy
- risk analysis/simulation of asset allocation
- setting restrictions/management profile

Research/advice:

- international/domestic economic outlook
- sector/industry/company analysis
- asset allocation - equity/debt

Implementation/rebalancing:

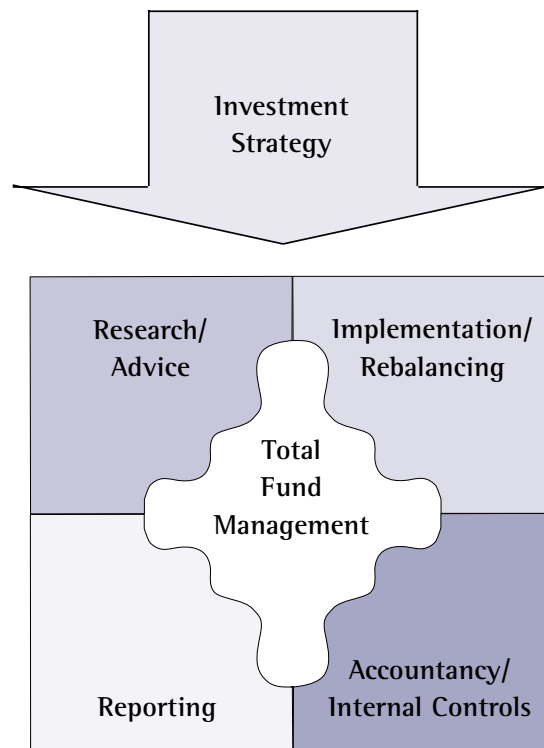
- securities trading
- settlement risk
- management as per profile/restrictions

Reporting:

- statements - absolute/relative return
- risk management reports

Accountancy/internal controls:

- interim/annual reports and tax
- VPS/bank account maintenance/reconciliation
- custody services/transactions
- documentation/auditing/internal controls



Outlook

Given continued major structural activity, rapidly rising investment in the oil sector and strong growth at technology companies, we believe the outlook for the Norwegian equity market in the year 2000 to be bright. As a consequence of volatile securities markets over the last two years with mixed returns for investors, we expect investors to attach considerable importance to strategic asset allocation and risk-oriented management this year. Investor environments will assess alternative types of partner for outsourcing key management functions. With our new range of business management services and systems structure, Pareto Forvaltning will be an interesting strategic partner for investors in the securities markets.

Associated Companies

Pareto has undertaken strategic investments in Garde ASA, Bergen Fondsmeglerforretning ASA, CBF Energimegling AS and Consilio ASA in recent years.

The following is a brief profile of the companies in which Pareto has interests:

Bergen Fondsmeglerforretning ASA

Pareto acquired 100% of Bergen Fondsmeglerforretning ASA in December 1999. At the year-end the company had concentrated its operations on secondary market trading in equities and research. Its discretionary portfolio management services were in the process of being transferred to Pareto Aktiv Forvaltning ASA. The company generated turnover of NOK 34.1 million and a net loss of NOK 0.2 million in 1999, and had 26 employees, equity of NOK 41.6 million and a capital ratio of 72% at the year-end.

Garde ASA

Pareto has a 25% stake in the securities company Garde ASA. The company has concentrated its operations on dealing in securities and financial advice and has trading desks in Stavanger, Kristiansand and Haugesund. The company generated turnover of NOK 59.3 million and net profit of NOK 9.2 million in 1999 and had 32 employees and equity of NOK 30.5 million at the year-end.

Fondsforvaltning AS and PLUSS Aktiv Forvaltning ASA

During the first quarter of this year Pareto Fonds ASA entered into an agreement to acquire 35% of Fondsforvaltning AS and 35% of PLUSS Aktiv Forvaltning ASA. The latter provides fund management services for large investors and Fondsforvaltning AS manages a range of money market, bond and equity funds, primarily for large investors, including companies, public bodies, private investors, organisations, institutions, foundations and trusts. The two companies generated turnover of NOK 19.2 million and net profit of NOK 6.1 million in 1999 and had six employees and equity of NOK 60 million at the year-end.

Consilio ASA

Pareto has a 50% stake in Kristiansand-based financial adviser Consilio AS, which specialises in advice for SMEs between Skien and Stavanger in the south of Norway. The company generated turnover of NOK 4.7 million in 1999 and had seven employees and equity of NOK 1.1 million at the year-end.

CBF Energimegling AS

Pareto has a 14% stake in CBF Energimegling AS, one of the largest brokers of bilateral power contracts in Scandinavia. The company generated turnover of NOK 16.1 million in 1999 and had 14 employees and equity of NOK 21.3 million at the year-end.

Organisation

Per 01.03.2000

Pareto AS' Board of Directors

Widar Salbuvik (Chairman)

Bjørn Gabriel Reed (Attorney, BAHR law firm)

Erik Bartnes

Anders Endreson

Svein Støle

Pareto AS

Svein Støle (Managing Director)

Pareto Fonds ASA

Kristen Jakobsen (Managing Director)

Pareto Forvaltning ASA

Petter W. Borg (Managing Director)

Pareto Prosjekt ASA

Anders Endreson (Managing Director)

Pareto Management AS

Uno Grønlie (Managing Director)

Pareto Eiendom AS

Hans M. Hilde (Managing Director)

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