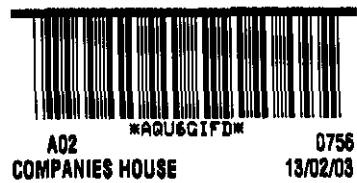


BROWALLIA PLC

ANNUAL REPORT & FINANCIAL STATEMENTS

**FOR THE PERIOD 25TH APRIL 2001
TO 30TH APRIL 2002**



Registered No: 4205727

BROWALLIA PLC

REPORT OF THE DIRECTORS

The Directors submit their Report and the audited Financial Statements for the period ended 30th April 2002.

PRINCIPAL ACTIVITIES

The Company was incorporated on 25th April 2001 and its principal activity during the year and 5 days ended 30th April 2002 has been that of a holding company.

BOARD OF DIRECTORS

The Directors who held office during the period are as follows:

PJPV Gyllenhammar	(appointed 26 th April 2001)
BJIM Lindstam	(appointed 26 th April 2001)
RP Baber	(appointed 9 th November 2001)
DR Wood	(appointed 9 th November 2001)
UE Linden	(appointed 28 th January 2002)
Bayshill Management Limited	(appointed 25 th April 2001, resigned 26 th April 2001)
Bayshill Secretaries Limited	(appointed 25 th April 2001, resigned 26 th April 2001)

None of the Directors are interested in the share capital of the Company.

REVIEW OF ACTIVITIES AND RESULTS

The Company was incorporated to launch a bid for Union PLC which went unconditional in all respects on 22nd June 2001. The Company now owns 100% of the issued share capital of Union PLC. The acquisition was principally funded by a loan from Bank of Scotland. The loss for the period before tax amounted to £1,467,903 which reflected the cost of funding. There were no other activities during the period.

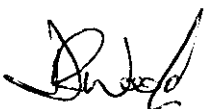
DIVIDENDS

The Directors do not recommend a dividend.

AUDITORS

The Company's Auditors, KPMG Audit Plc, have expressed their willingness to continue in office and a resolution for their appointment, also authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

By order of the Board



DR Wood
Company Secretary
39 Cornhill
London
EC3V 3NU

12th February 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BROWALLIA PLC

We have audited the financial statements on pages 4 to 9.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 30 April 2002 and of the loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB

12th February 2003

BROWALLIA PLC**PROFIT AND LOSS ACCOUNT**for the period 25th April 2001 to 30th April 2002

	Notes	Period Ended 30 th April 2002 £
Administrative expenses		(258,025)
Operating loss		(258,025)
Interest receivable		72,804
Interest payable	2	(1,282,682)
Loss on ordinary activities before taxation	3	(1,467,903)
Tax credit	4	55,978
Loss on ordinary activities after tax		(1,411,925)
Retained loss for the financial period carried forward		(1,411,925)

The Company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the result in the profit and loss account and the result on an unmodified historical cost basis.

All operations are regarded as continuing.

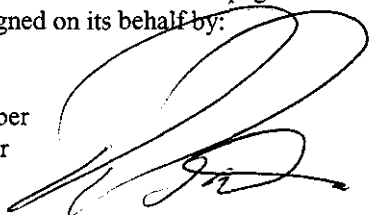
The notes on pages 6 to 9 form part of these financial statements.

BROWALLIA PLC**BALANCE SHEET**
30th April 2002

	Notes	2002 £
FIXED ASSETS		
Investments in subsidiaries	5	29,949,755
CURRENT ASSETS		
Amounts falling due within one year		
Debtors	6	102,824
Cash at bank and in hand		<u>1,499,192</u>
		1,602,016
CREDITORS: amounts falling due within one year	7	<u>(3,685,379)</u>
NET CURRENT ASSETS		<u>(2,083,363)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,866,392
CREDITORS: amounts due after more than one year	8	<u>(11,827,201)</u>
		<u><u>16,039,191</u></u>
CAPITAL AND RESERVES		
Called up share capital	9	17,451,116
Profit and loss account	10	<u>(1,411,925)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	11	<u><u>16,039,191</u></u>

The financial statements on pages 4 to 9 were approved by the Board of Directors on 12th February 2003 and were signed on its behalf by:

R P Baber
Director



BROWALLIA PLC

NOTES TO THE FINANCIAL STATEMENTS

for the period 25th April 2001 to 30th April 2002

1. Accounting Policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Investments in subsidiaries

Fixed Asset Investments are stated at cost less any provision for impairment.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Consolidated Accounts

In accordance with the Companies Act 1985, consolidated financial statements are not required, the Company being a wholly owned subsidiary of another corporate body registered in European Union. Consolidated financial statements are prepared by the ultimate holding company.

Cash Flow Statement

The Company is a wholly owned subsidiary of Branstä Forvaltnings AB and the cash flows of the Company are included in the consolidated Cash Flow Statement of that company. In accordance with the terms of Financial Reporting Standard 1 (revised) the Company is exempt from preparing a Cash Flow Statement.

Comparative figures

As these are the first financial statements prepared for the Company, there are no comparative figures available.

2. Interest payable

	Period Ended 30 th April 2002 £
To loan note holders	43,477
To banks	1,152,030
To group companies	87,175
	<hr/>
	1,282,682

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	Period Ended 30 th April 2002 £
Loan arrangement fee	257,906
Auditors' remuneration for audit services	5,000

None of the directors received any remuneration during the period in respect of their services to the Company.

BROWALLIA PLC**NOTES TO THE FINANCIAL STATEMENTS**for the period 25th April 2001 to 30th April 2002 (continued)**4. Tax credit**

	Period Ended 30 th April 2002 £
a) Analysis of credit for the period:	
Group relief receivable at 30%	<u>55,978</u>
b) Factors affecting the tax (charge)/credit for the period:	
Loss on ordinary activities before tax	1,467,903
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2000: 30%)	440,371
Tax losses carried forward	(384,393)
Tax credit	<u>55,978</u>

c) Factors that may affect future tax charges:

Due to the level of tax losses available, amounting at 30th April 2002 to £1,281,310, future tax charges will be reduced significantly below the standard UK tax rate. A deferred tax asset has not been established in these financial statements in respect of the tax losses carried forward in view of the uncertainty over the period when those losses might be utilised.

5. Investment in subsidiary

	Total £
<u>Cost</u>	
At 25 th April 2001	-
Additions	29,949,755
At 30 th April 2002	<u>29,949,755</u>
<u>Net book value</u>	
At 30 th April 2002	<u>29,949,755</u>

Details of the Company's principal subsidiaries which are wholly owned and operate in their country of incorporation:

Holding Company	Nature of business	Incorporated in
Browallia Holdings Limited	Investment holding company	England & Wales
Browallia Discount Company Limited *	Investment holding company	England & Wales
Browallia CAL Limited *	Foreign exchange & derivatives broking	England & Wales
Browallia Equipment Finance Limited *	Equipment leasing	England & Wales

* owned indirectly

BROWALLIA PLC

NOTES TO THE FINANCIAL STATEMENTS

for the period 25th April 2001 to 30th April 2002 (continued)

6. Debtors

	30 th April 2002 £
Amounts falling due within one year:	
Prepayments and accrued income	18,750
Other debtors	13,916
Group relief	55,978
Amounts owed from group undertakings	14,180
	<u>102,824</u>

7. Creditors: amounts falling due within one year

	30 th April 2002 £
Amounts due to group undertakings	3,252,000
Taxation and social security	8,695
Accruals and deferred income	236,599
Amounts due to shareholders of Union PLC	188,085
	<u>3,685,379</u>

8. Creditors: amounts falling due after more than one year

	30 th April 2002 £
Bank Loan	(10,388,745)
Redeemable Loan Notes	(1,438,457)
	<u>(11,827,202)</u>

The bank loan is due to be repaid no later than 31st December 2003 and carries interest at a rate of 1.5% over the Bank of Scotland base rate and is secured against the shares of Browallia Holdings Limited (formerly Union PLC) owned by the Company.

As part of the cash bid for Union PLC, the Company offered a loan note alternative to the holders of the Union PLC shares. The loan notes have a nominal and issued value of £1. The loan notes are redeemable in whole or in part on any interest payment date from 31st October 2002 onwards and unless otherwise redeemed will be fully redeemed at par on 31st October 2007. The loan notes carry interest at a rate equivalent to the average of LIBOR for the last three business days prior to the payment date, less 1%. Interest is payable six-monthly, on 30 April and 31 October each year.

BROWALLIA PLC

NOTES TO THE FINANCIAL STATEMENTS

for the period 25th April 2001 to 30th April 2002 (continued)

9. Share Capital

	30 th April 2002 No.	30 th April 2002 £
Authorised ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
Allotted and called up ordinary shares of £1 each		
part-paid up (25p)	50,000	12,500
fully paid	<u>17,438,616</u>	<u>17,438,616</u>
	<u>17,488,616</u>	<u>17,451,116</u>

During the period, the Company has allotted 50,000 ordinary shares of £1 each, 25 per cent paid, for cash together with 15,000,000 ordinary shares of £1 each fully paid for cash and 2,438,616 ordinary shares of £1 each fully paid in consideration for the acquisition of shares in Union PLC.

10. Profit and Loss account

	Period Ended 30 th April 2002 £
At 25 th April 2001	-
Loss for the financial period	<u>(1,411,925)</u>
At 30 th April 2002	<u>(1,411,925)</u>

11. Reconciliation of movements in Equity Shareholders' Funds

	Period Ended 30 th April 2002 £
New shares issued	17,451,116
Loss for the financial period	(1,411,925)
Opening equity shareholders' funds	-
Closing equity shareholders' funds	<u>16,039,191</u>

12. Related party disclosures

The Company has taken advantage of the exemption, permitted by Financial Reporting Standard No.8, not to disclose transactions with the Browallia Holdings Limited (formerly Union Limited) group of companies.

13. Ultimate Holding Company & Controlling Company

Bransta Forvaltnings AB, which is incorporated in Sweden, is the ultimate holding Company and controlling Company. The largest group of which the Company is a member is that headed by Bransta Forvaltnings AB. The financial statements of the ultimate holding Company are available from PRV Patent och Registreringsverket.