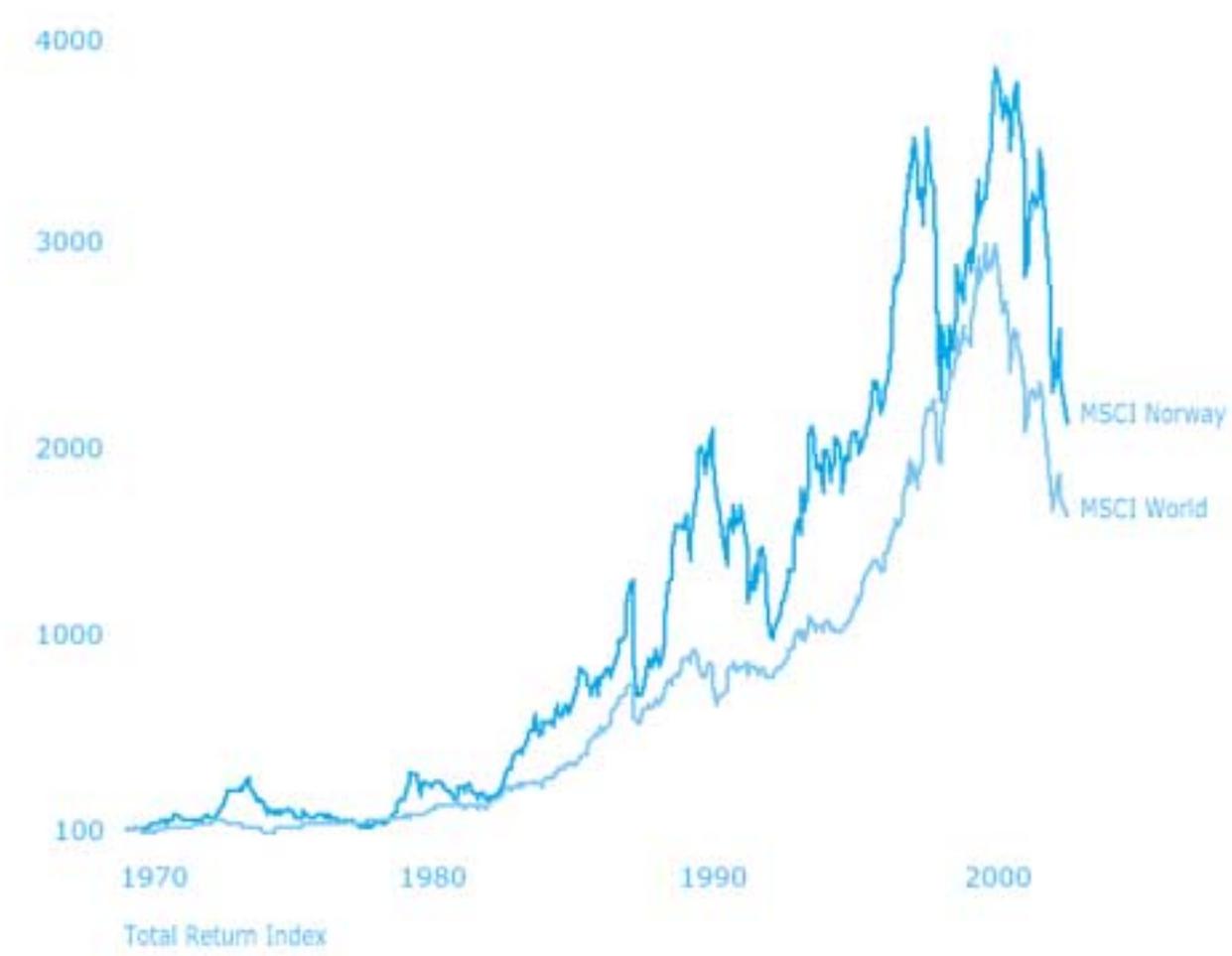


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 Pareto

This is Pareto

Pareto is a leading, independent and focused Norwegian investment bank. The company was established in 1986 and currently has 145 employees.

Pareto offers a broad range of financial products and services including securities brokerage (equity and debt), investment research, corporate finance/M&A advisory services, project finance, financial services, fund management, commercial property brokerage and letting, freight derivatives, tanker chartering and acquisitions and sales.

Pareto has offices in Oslo, Bergen, Stavanger, Kristiansand, Tønsberg and Haugesund, and has a presence in New York through Nordic Partners Inc., a joint venture between Evli Bank Plc in Finland and Öhman Fondkommission in Sweden.

Figure 1 – Pareto's operating revenues (NOK million)

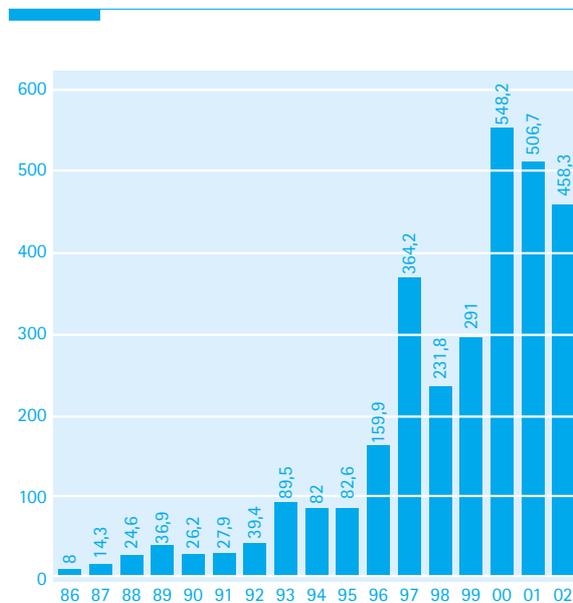


Figure 2 – Business areas

Companies	Services
Pareto Securities	Research Securities brokerage (equity and debt) Corporate finance/M&A
Pareto Private Equity	Project finance Corporate finance/M&A Business management Services
Pareto Eiendom	Sale and leasing of Commercial property
Pareto Forvaltning	Discretionary Asset management Fund management Business management Services
P.F. Bassøe	Tanker chartering Sale and purchase Research and consultancy
Pareto AS	Holding company Investments

Figure 3 – Key group figures (NOK million)

	2002	2001	2000
Operating revenues	458,3	506,7	548,2
Operating profit	164,3	201,1	312,63
Net financial items	-104,1	-77,0	-105,2
Profit before tax	60,2	124,1	207,3
Tax charges	-19,6	-44,8	-58,2
Profit for the year	40,6	79,3	149,1
Equity	435,3	466,0	431,7

Directors' report

Business objectives

The company's objective is to develop Pareto as a focused and profitable company. The company's Board and management wish to build up the business based on the respect and trust of the company's clients, competitors and authorities.

Financial results

Despite a downturn in profits compared to the previous year, 2002 was a good year for Pareto. The company strengthened its position within several priority areas.

Pareto's revenues totalled NOK 458,3 million in 2002, as compared with NOK 506,7 million in 2001. Operating profit was NOK 164,3 million, as compared with NOK 201,1 million in 2001. Profit after taxes came to NOK 40,6 million as compared with NOK 79,3 million in 2001. Financial expenses for the year include a write-down of the parent company's share portfolio of approximately NOK 42 million.

In consideration of the to some extent difficult market for financial services, the Board is satisfied with the results achieved in 2002.

Operations

The group's activities are within the fields of securities brokerage, corporate finance/M&A advisory services, real estate and shipping, project finance and fund management.

Market conditions

Following a hard year with a slowdown in international economic activities and weak equity markets, 2002 started with growing optimism and rising equity markets. However, financial scandals and weaker results contributed to increased risk premium, and the equity markets fell back again. Rising oil prices and growing uncertainty related to the prospects for war in Iraq slowed down the world economy towards the end of 2002. Central banks were forced to cut the interest rates to reduce the risk of a long-lasting recession.

The Norwegian economy has also felt the cool-down. Weak demand, expensive labour, high interest rates and a strong Norwegian krone turned out to be a heavy burden for Norwegian business. Companies had to cut costs to restore profitability,

resulting in an increase in the unemployment rate. After the Norwegian Central Bank lifted its deposit rate to 7% in July as a response to an expensive wage settlement, the appreciation of the Norwegian krone gathered headway and contributed to a substantial slow-down in Norwegian economy. Prospects of inflation staying under the target of 2,5% for a longer period of time, together with dark clouds covering the world economy, resulted in a contraction in the Norwegian Central Bank's monetary policy in December 2002, cutting the deposit rate to 6,5% and further down to 5,5% within the end of March 2003.

2002 was yet another difficult year in the equity market. The Oslo Stock Exchange All Share Index fell by 29% compared to MSCI World, which fell 25%. The oil market was strengthened during 2002, and we benefited from an average oil price of USD 25. But despite a strong oil price, a strong currency and high interest rates weighted heavily on the Norwegian market. The market value of the largest companies, except Statoil, fell significantly. Stocks such as Hydro, Bergesen, Orkla, RCL, DNB and Gjensidige NOR all fell between 17% and 22%. Even though the oil price was strengthened, both offshore and shipping stocks were weak. Smedvig and Frontline dropped 55% and 35% respectively. IT was the weakest sector, and was reduced by more than 60%.

Pareto Securities ASA

Pareto Securities defied the difficult market conditions in 2002 with an improved bottom-line, after having undergone a cost reduction that more than compensated for a drop in revenues.

Pareto Securities has in our opinion continued to strengthen its position relative to its competitors during 2002. The company's broker revenues dropped by approximately 10%, while the market was set back by more than 20%.

Throughout 2002, Pareto Securities carried out about 50 larger projects related to a number of sectors. Pareto Securities managed several of the largest equity and debt offerings in the Norwegian market. Some of these were Kværner, Ocean Rig, Hydralift, Sinvest, Lerøy Seafood Group and Komplet. Pareto Securities managed in total 35% of all the equity and debt offerings registered on the Oslo Stock Exchange, and the company had 15,6% of the reported corporate revenues in the equity

market at the Norwegian Banking, Insurance and Securities Commission.

The bond desk experienced a very good year in 2002, and the company's position in the bond market was strengthened. Pareto Securities managed bond issues for more than NOK 30 billion in 2002. This is four times as much as in 2001, and is partly due to insurance companies' investments in bonds held to maturity and new loans raised by Statkraft towards the end of 2002.

Pareto Private Equity ASA

Within the area of project financing for commercial property, the company continued to focus on large high-quality properties at attractive locations with long-term leases. The property portfolio managed for investors by Pareto Private Equity has a market value of about NOK 4 billion. We observe an increased activity within sale-lease-back transactions in the field of shipping. Despite a difficult financial market, Pareto Private Equity achieved an increase in revenues from corporate finance services. Most of the projects were related to sales and purchases of businesses. Among the larger projects carried out in 2002 were the restructuring and sale of the interior of Actinor Shipping ASA, sale of Bjørge Biomarin AS and the restructuring/equity offering in Crew Development Corp.

Pareto Eiendom experienced a negative profit development in 2002. As a consequence of uncertainty in the real estate market, many participants chose to await the situation.

Pareto Management, who acts as an administrator of companies and projects managed and syndicated by Pareto Private Equity, is developing positively.

Pareto Forvaltning ASA

Pareto Forvaltning ASA, Pareto's asset management business, can boast strong rates of return relative to benchmark indices as well as a 25% growth in assets under management. The company won a number of new mandates in Norwegian equities and fixed income in 2002. At the end of the year, the company had funds under management totalling NOK 2,0 billion in equities and NOK 3,1 billion in fixed income. The company is also strategic joint-venture partner and business manager for clients holding portfolios with an additional value of approximately NOK 5,0 billion.

P.F. Bassøe AS

P.F. Bassøe is a leading international shipbroker, engaged in sale and purchase and chartering of tanker tonnage. The company is further involved in trading of freight derivatives. P.F. Bassøe achieved a successful result in 2002, although the result is weaker than the previous year. The extremely volatile nature of the tanker market shows itself in the results of the company. For longer periods of the year, freight rates remained at buoy level, and sale and purchasing activity was low. Low rates and values revolted in lower broker commissions.

Towards the end of the year, the market experienced a distinct improvement. More frequent shipments of oil resulted from increased demand, as well as inventory build-up and the Venezuela oil strike.

Pareto's strategy

The company's strategy remains unchanged. Pareto aims to be a leading, independent and focused Norwegian investment bank. The company gives priority to organic growth and internal skills development, but it will also entertain acquisitions and mergers if they can complement the company and help it advance. Pareto will co-operate with other companies when such co-operation is natural and gives our clients a better product. This may for example be the case for transactions that require more international expertise and distribution than Pareto itself can provide. Pareto's aim is to be the preferred Norwegian supplier of financial services based on in-depth and detailed knowledge of Norwegian social conditions and industries where Norway has special competitive advantages. Energy and maritime industries are examples of such industries.

The Board believes that Pareto still has a significant potential for improvement and growth. Pareto is experiencing an increasing degree of acceptance for its research and advisory-based services in the fields of brokerage, corporate and project finance and fund management.

In recent years, the company has invested considerable amounts in upgrading and developing IT systems and Internet solutions. The company has decided to develop Internet services as an integral part of its ordinary business operations. Communication, reporting and trading over the Internet represent a significant opportunity 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 performance, the general level of activity in the financial markets also affects Pareto's earnings. Despite a distinct slow-down in the Norwegian economy, the Board is carefully optimistic with respect to the company's future development and results.

Allocation of profit and other issues

In addition to being the parent company in the group, the business activities of Pareto AS include investment in various securities.

The internal working environment in the group's companies is good, and it has not been necessary to implement any special measures. There is a low level of absence due to illness in the group, and there have been no reports of injuries or accidents during the year.

The nature of the group's business operations is such that they do not pollute the external environment.

The group's profit after tax was NOK 40,6 million. The parent company's profit after tax was NOK 110,9 million, and the Board proposes that the profit be transferred to other reserves.

The annual accounts have been prepared on the assumption that the company will continue as a

going concern. The profit and loss statement and balance sheet illustrate the Pareto group's standing and the results of the operations in 2002. The Board would like to take this opportunity to thank the company's clients for the confidence they have shown Pareto, and the employees for their efforts during the past year.

Oslo, 2. April 2003



Erik Bartnes



Anders Endreson



Kai Engedal



Svein Støle



Uno Grønlie (Managing Director)

Profit and Loss statement

Parent Company

(NOK 1 000)

2001	2002	
0	0	Operating revenues
		Fees and commissions
0	0	<i>Total operating revenues</i>
		Operating expenses
-3 177	-1 043	Personnel costs
-1 896	-2 729	Other operating expenses
-40	-40	Ordinary depreciation
-5 113	-3 812	<i>Total operating expenses</i>
-5 113	-3 812	<i>Operating profit</i>
		Financial income/expenses
7 694	17 042	Financial income
56 432	131 702	Share dividends
-2 323	-3 739	Income attributable to associated companies
-774	-456	Interest expenses
0	-42 130	Depreciation of securities
-263	-530	Other financial expenses
60 766	101 889	<i>Net financial items</i>
55 653	98 077	<i>Profit before tax</i>
2 143	12 864	Tax charges
57 796	110 941	<i>Profit for the year</i>
		Allocation of annual profit
0	0	Minority interests
0	0	Dividends
-57 796	-110 941	Other reserves
-57 796	-110 941	<i>Total allocations</i>

Group

(NOK 1 000)

notes	2002	2001
2	458 302	506 685
	458 302	506 685
3	-155 256	-140 280
	-102 231	-119 822
4	-36 561	-45 503
	-294 048	-305 605
	164 254	201 080
	26 901	29 519
	2 741	4 470
5	-3 739	-2 323
	-1 610	-12 117
11	-42 130	0
	-86 249	-96 547
	-104 086	-76 998
	60 168	124 082
14	-19 562	-44 788
	40 606	79 294
	3 139	22 418
	-19 879	-38 116
	-23 866	-63 596
	-40 606	-79 294

Balance sheet

Assets

Parent Company

(NOK 1 000)

31.12.2001	31.12.2002	
		Fixed assets
		Intangible fixed assets
0	0	Goodwill
5 201	18 065	Deferred tax assets
5 201	18 065	<i>Total intangible fixed assets</i>
		Tangible fixed assets
506	467	Fixtures, machinery, etc.
		Fixed asset investments
97 540	97 935	Shares in subsidiaries
31 143	19 052	Shares in associated companies
4 783	4 783	Other securities
1 240	1 240	Other long-term receivables
0	0	Pension funds
0	0	Investments in partnerships
134 706	123 010	<i>Total fixed asset investments</i>
140 413	141 542	<i>Total fixed assets</i>
		Current assets
		Accounts receivable
0	0	Receivables from customers
2 154	1 986	Other receivables
2 154	1 986	<i>Total receivables</i>
		Investments
154 215	214 536	Securities
154 215	214 536	<i>Total investments</i>
9 195	8 059	Bank deposits
165 564	224 581	<i>Total current assets</i>
305 977	366 123	<i>Total assets</i>

Group

(NOK 1 000)

notes	31.12.2002	31.12.2001
4	19 898	37 854
14	28 190	11 432
	48 088	49 286
4	13 830	31 084
5	0	0
5	19 052	31 143
6	5 959	5 959
7	2 865	13 327
8	11 996	9 493
9	112	60
	39 984	59 982
	101 902	140 352
10	1 380 660	417 440
	0	0
	1 380 660	417 440
11	292 493	225 734
	292 493	225 734
12	281 491	245 149
	1 954 644	888 323
	2 056 546	1 028 675

Cash flow statement

Parent Company

(NOK 1 000)

2001	2002	
		Cash flow from operations
55 653	98 077	Profit on ordinary activities before tax
-1 165	-933	Tax paid during the period
40	40	Ordinary depreciation
0	41 277	Depreciation of securities
0	0	Net pension income without cash effect
2 323	4 592	Profit attributable to associated companies
-3	-500	Change in receivables
32 745	-29 769	Change in inter-company accounts
-1 858	-801	Change in other liabilities
87 735	111 983	<i>Net cash flow from operations</i>
		Cash flow from investment activities
-177	0	Payment for tangible fixed assets
0	0	Proceeds from sale of tangible fixed assets
-103 626	-101 598	Net cash flow from short-term investments
-34 903	-395	Payment for fixed asset investments
7 413	7 499	Proceeds from fixed asset investments
-131 293	-94 494	<i>Net cash flow from investment activities</i>
		Cash flow from financing activities
-6 995	0	Payment to shareholders following equity write-down
0	0	Dividends paid
0	-18 625	Purchase of treasury stock
0	0	Change in long-term liabilities
0	0	Equity contributions from minority interests
-6 995	-18 625	<i>Net cash flow from financing activities</i>
-50 553	-1 136	Net change in cash and cash equivalents
59 748	9 195	Cash and cash equivalents as of 1. January
9 195	8 059	<i>Cash and cash equivalents as of 31. December</i>

Group

(NOK 1 000)

2002	2001
60 168	124 082
-49 465	-49 622
36 561	45 503
41 277	0
-2 951	-7 666
4 592	2 323
-963 220	97 879
0	0
1 054 847	-109 820
181 809	102 679
-2 446	-45 364
1 095	0
-108 036	-91 793
0	-518
17 909	9 300
-91 478	-128 375
0	-6 995
-38 116	-15 963
-18 625	0
1 958	3 472
794	64
-53 989	-19 422
36 342	-45 118
245 149	290 267
281 491	245 149

Notes to the accounts

Note 1

Group structure

Pareto AS holds 75,0% of the shares in Pareto Securities ASA, 84,3% of the shares in Pareto Private Equity ASA, 75,9% of the shares in Pareto Forvaltning ASA, 100,0% of the shares in Pareto Fondsforvaltning AS, 100,0% of the shares in P.F. Bassøe AS and 89,0% of the shares in KS P.F. Bassøe AS & Co. P.F. Bassøe AS is the general partner and owns the remaining 11,0% of the shares in KS P.F. Bassøe AS & Co. Pareto Private Equity ASA holds all the shares in Pareto Eiendom AS, Pareto Management AS and Pareto Consulting AS.

Consolidation principles

Investments in subsidiaries are valued at cost. In the consolidated accounts the cost price of the shares in subsidiaries has been offset against the equity in the subsidiaries at the time of the acquisition. Inter-company transactions and balances as of 31. December have been eliminated in the consolidated accounts.

Accounting principles

The annual accounts have been prepared in accordance with the provisions in the Norwegian Accounting Act applying to large companies.

Assets intended for permanent ownership or uses are classified as fixed assets. Other assets are classified as current assets. Receivables that are to be repaid within one year are classified as current assets. Similar criteria form the basis of the classification of short-term and long-term liabilities.

Tangible fixed assets are recorded on the balance sheet at cost, but are written down to their net realisable value when the fall in value is not expected to be of a temporary nature. Tangible fixed assets with limited economic lifetime are depreciated according to a plan. Long-term loans are registered in the balance sheet as the nominal amount received at the time of establishment.

Investments in companies where Pareto owns between 20 and 50 per cent and has significant control are treated according to the equity method.

Current assets are evaluated at the lesser of the acquisition cost or the realisable value. Short-term liabilities are registered in the balance sheet as the nominal amount received at the time of establishment. Short-term liabilities are not re-valued to the realisable value as a result of interest rate changes.

Certain items are evaluated according to other principles, as specified below.

The operational subsidiaries are the general partners in their respective internal partnerships. The gross figures from the accounts of the internal partnerships are incorporated into the general partners' accounts. The share of the profit in the internal partnerships attributable to silent partners is charged as an expense under personnel costs and other financial expenses, respectively. Any amounts owed to silent partners are classified as other current liabilities.

Provisions for losses are made on the basis of an assessment of the individual receivables. In addition, unspecified provisions are made for other receivables from customers to cover any estimated losses.

Financial instruments that are part of a trading portfolio and traded in an effective market are valued at their net realisable value as of the date of the balance sheet. Other financial instruments are valued at the lesser of historical cost or the net realisable value as of the date of the balance sheet.

Pensions are accounted for on the basis of a linear accrual profile and the anticipated final salary. Actuarial discrepancies in excess of 10% of the pension liabilities or pension funds, whichever is greater, are amortised over the expected remaining contribution period. The tax charge is matched against the financial accounting result before tax. Tax associated with equity transactions is offset against the equity.

The tax charge consists of the tax payable, change in deferred tax assets and refund claims in accordance with the Norwegian Tax Code.

Monetary items in foreign currencies are converted at the rate in effect on the date of the balance sheet.

Note 2 Operating revenues for the group (NOK 1 000)

	2002	2001
Securities brokerage	183 893	172 166
Corporate finance	186 264	200 731
Ship brokerage	39 921	46 184
Business management services	13 954	13 718
Real estate brokerage	7 556	17 734
Management fees	15 610	10 052
Other project revenues	11 104	46 100
<i>Total operating revenues</i>	458 302	506 685

Note 3 Payroll costs, number of employees, executive remuneration, etc. (NOK 1 000)

	<i>Parent Company</i>		<i>Group</i>	
	2002	2001	2002	2001
Salaries, holiday pay, National Insurance contributions	951	2 632	85 103	86 886
Performance-related remuneration of employees	0	0	61 480	47 123
Pensions and other personnel costs	92	545	8 673	6 271
<i>Total</i>	1 043	3 177	155 256	140 280
Average number of employees	1	1	150	164

The general manager has received a total remuneration of NOK 1 007 144. NOK 200 000 was allocated as remuneration to the Board of the parent company. A total of NOK 245 000 was allocated as remuneration to the Boards of the subsidiary companies.

Payment to Deloitte & Touche for auditing in 2002 came to NOK 109 120 for the parent company and NOK 839 160 for the group.

Payment for services to Deloitte & Touche Advokater ANS and to Deloitte & Touche Statsautoriserede Revisorer AS for services related to auditing totalled NOK 178 746 for the parent company and NOK 1 116 266 for the group.

Note 4 Tangible fixed assets (NOK 1 000)

	Parent Company Fixtures, IT	Group Fixtures, IT	Group Goodwill
Historical cost as of 01.01.	553	63 950	60 608
Additions during the year	0	2 446	0
Disposals during the year	0	589	0
<i>Historical cost as of 31.12</i>	553	65 807	60 608
Accumulated depreciation as of 01.01	46	33 961	22 754
Depreciation for the year	40	18 605	17 956
Disposals during the year	0	589	0
<i>Accumulated depreciation as of 31.12</i>	86	51 977	40 710
<i>Book value as of 31.12</i>	467	13 830	19 898
Economic life	3-10 years	3-10 years	3-5 years
Depreciation schedule	Linear	Linear	Linear

Note 5

Shares in subsidiaries (NOK 1 000)

Company	Office	Equity and voting share	Book value as of 31.12
Pareto Securities ASA	Oslo	75,00 %	50 728
Pareto Private Equity ASA	Oslo	84,32 %	480
Pareto Forvaltning ASA	Oslo	75,94 %	9 243
Pareto Fondsforvaltning AS	Oslo	100,00 %	2 581
P.F. Bassøe AS	Oslo	100,00 %	14 445
KS P.F. Bassøe AS & Co	Oslo	89,00 %	20 458
			97 935

Note 5 (Continued)

Shares in associated companies (NOK 1 000)

Company	Fondsforvaltning AS	Pluss Aktiv Forvaltning ASA	Consilio ASA	StratCorp AS	Total attributable to associate companies
Office:	Oslo	Oslo	Kristiansand	Oslo	
Pareto's equity interest:	35,0 %	35,0 %	36,5 %	35,0 %	
Acquisition cost	40 001	646	789	2 500	43 936
Share of equity in company	23 939	708	1 125	705	26 477
<i>Goodwill</i>	16 062	-62	-336	1 795	17 459
Incoming balance 01.01	27 566	762	1 033	1 782	31 143
Share of profit for the year	1 979	43	-510	568	2 080
Depreciation goodwill	-5 354	21	112	-598	-5 819
Depreciated	0	0	0	-853	-853
Dividend received	-7 000	0	0	-499	-7 499
<i>Outgoing balance 31.12</i>	17 191	826	635	400	19 052

Note 6 Other shares and bonds (NOK 1 000)

	Number	Cost price/ book value
Other securities held by parent company: Natsource Inc	105 376	4 783
Other securities held by subsidiaries		1 176
<i>Total other securities held by the group</i>		5 959

The value of the shares is assessed as equal to or more than the book value.

Note 7

The parent company's contributions to the Pareto Group Pension Fund total NOK 1 240 000.

Note 8 Pensions (NOK 1 000)

The group has pension plans that cover 128 persons. The actuarial assumptions are based on the normal assumptions that are used by the industry with regard to demographic factors and retirement.

	2002	2001
Present value of current year's pension benefits earned	4 455	4 584
Interest payable on pension liabilities	2 581	2 489
Actuarial discrepancies charged against profits	-24	-3
Return on pension funds	-3 869	-3 437
<i>Net pension costs excluding National Insurance contributions</i>	<i>3 143</i>	<i>3 633</i>
Accrued National Insurance contributions	633	655
<i>Net pension costs including National Insurance contributions</i>	<i>3 776</i>	<i>4 288</i>
Estimated pension liabilities	-43 324	-45 089
Pension funds (at market value)	54 387	55 078
Unrecorded effect of actuarial discrepancies	291	-973
Accrued National Insurance contributions	642	477
<i>Pension funds on the balance sheet (incl. National Insurance contributions)</i>	<i>11 996</i>	<i>9 493</i>
<i>Unfunded pension liabilities (incl. National Insurance contributions)</i>	<i>-1 881</i>	<i>-2 329</i>
Economic assumption		
Expected return on pension funds	8,0 %	8,0 %
Discount rate	7,0 %	7,0 %
Expected wage inflation	3,0 %	3,0 %
Expected National Insurance basic amount adjustment	3,0 %	3,0 %

Note 9

The group's interests in limited partnerships and unlimited liability partnerships are held by the subsidiaries. There is NOK 168 120 in committed, unpaid capital that is associated with the limited partnership units.

Note 10 Accounts receivable in subsidiaries (NOK 1 000)

	2002	2001
Specified provision for bad debts as of 01.01	8 885	6 612
Confirmed losses for which provision for bad debts has already been made	-6 620	-3 460
Increase in specified provision for bad debts	816	5 733
<i>Specified provision for bad debts as of 31.12</i>	<i>3 081</i>	<i>8 885</i>

Note 11 Securities (NOK 1 000)

	Number	Cost price	Book/ market value
Securities' funds in parent company			
Pareto Likviditet	29 234	29 274	29 316
Pareto Høyrente	10 752	10 736	10 446
Pareto Aksje Norge	154 269	168 100	143 298
Pluss Pengemarked	1 553	1 654	1 654
<i>Total securities' funds</i>		209 764	184 714
Shares in parent company			
Bankia Bank	125 000	2 500	500
Sparebanken Pluss	10 150	1 746	1 472
Oslo Børs Holding	100 000	17 535	12 000
Bergens Tidende	3 189	1 116	893
Adresseavisen	12 040	3 506	2 420
Norges Handels- & Sjøfartstid.	10 924	8 592	8 193
Stavanger Aftenblad	103 821	6 440	3 634
Other shares		704	710
<i>Total shares</i>		42 139	29 822
<i>Total securities held by parent company</i>		251 903	214 536
Securities		26 597	24 406
Bonds and certificates		36 604	36 604
Securities' funds		16 947	16 947
<i>Total securities held by subsidiaries</i>		80 148	77 957
<i>Total securities held by the group</i>		332 051	292 493

Note 12 Bank deposits

The parent company has a total of NOK 50 026 in a restricted bank account for tax deductions. A total of NOK 68 208 000 of the group's bank deposits is in restricted bank accounts, and NOK 3 352 000 of this amount refers to tax deductions.

Note 13 Equity (NOK 1 000)

	<i>Nominal share capital</i>	<i>Other reserves</i>	<i>Total</i>
Parent company			
Equity as of 01.01	50 000	218 037	268 037
Purchase own shares	-2 000	-16 625	-18 625
Not registered equity write-down	-33 600		-33 600
Profit for the year		110 941	110 941
<i>Total equity as of 31.12</i>	<i>14 400</i>	<i>312 353</i>	<i>326 753</i>
Group			
Equity as of 01.01	50 000	415 976	465 976
Purchase own shares	-2 000	-16 625	-18 625
Not registered equity write-down	-33 600		-33 600
Net cash flow from minority interests		794	794
Profit for the year after tax		40 606	40 606
Minority interest dividends		-19 879	-19 879
<i>Total equity as of 31.12</i>	<i>14 400</i>	<i>420 872</i>	<i>435 272</i>

The company's share capital as of 31.12.2002 is NOK 48 000 000 divided into 48 000 shares. It has been decided that the shares' par value is depreciated from NOK 1 000 to NOK 300.

	<i>Number of shares</i>	<i>Equity- and voting share</i>
Svein Støle	35 000	72,9%
Erik Bartnes	4 000	8,3%
Artship AS / Anders Endreson	6 000	12,5%
Svele AS / Svein Støle	3 000	6,3%
	<i>48 000</i>	<i>100,0%</i>

Note 14 Tax (NOK 1 000)

Parent Company			Group	
2001	2002		2002	2001
		Tax payable		
55 653	98 077	Profit before tax	60 168	124 082
-2 103	-5 014	Permanent differences	-3 782	7 694
13 472	45 335	Change in temporary differences	75 317	20 457
0	0	Tax losses carried forward	-2 406	-2 968
67 022	138 398	<i>Tax basis for the year</i>	129 297	149 265
18 766	38 751	Tax payable (28%)	36 206	41 801
-17 833	-38 922	Allowance for dividends received	-3 317	-3 286
933	-171	Tax payable before refund claims	32 889	38 515
0	171	Tax allowance carried forward	171	0
0	0	Refund claims pursuant to Section 31.5 of the Tax Code	3 103	10 879
933	0	<i>Tax payable</i>	36 163	49 394
		Specification of temporary differences		
-8 999	-62 560	Current assets	-73 396	-11 100
-8 137	-197	Tangible fixed assets	-14 639	-21 545
-1 439	-1 151	Intangible fixed assets	-10 813	-4 367
0	0	Long-term liabilities	-42	-83
0	-611	Tax loss carry-forward balance	-956	-3 208
-18 575	-64 519	<i>Basis for calculation of deferred tax assets/liabilities</i>	-99 846	-40 303
-5 201	-18 065	<i>28% tax on deferred tax assets/liabilities</i>	-27 957	-11 285
		Tax charge for the year		
933	0	Tax payable	33 060	38 515
0	0	Refund claims pursuant to Section 31.5 of the Tax Code	3 103	10 879
0	0	Refund claim adjustment for previous years	71	119
-3 076	-12 864	Change in deferred tax assets/liabilities	-16 672	-4 725
-2 143	-12 864	<i>Tax charges</i>	19 562	44 788
0,0 %	0,0 %	<i>Effective tax rate</i>	32,5 %	36,6 %
		Balancing of nominal and actual tax charge		
15 583	27 462	Expected tax charge according to nominal rate	16 847	34 743
107	-1 404	Permanent differences	-1 059	1 788
-17 833	-38 922	Allowance for dividends received	-3 317	-3 286
	0	Refund claims pursuant to Section 31.5 of the Tax Code	3 201	10 998
	0	Other items	3 890	545
-2 143	-12 864	<i>Tax charges</i>	19 562	44 788

Note 15

Pareto Securities 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 25 million have been provided in favour of the Norwegian Banking, Insurance and Securities Commission, and guarantees of NOK 153 million have been provided in favour of Norges Bank. A factoring charge against accounts receivable from customers and a lien against the company's short-term securities have been provided as security for the guarantees.

Note 16

The parent company is exposed to risks associated with fluctuations in the value of the securities it holds. The subsidiaries are also subject to risk associated with trading for their own account, market making and settlement from clients.

The financial market risks associated with the business operations of the subsidiaries are regulated in accordance with the Norwegian public Limited Companies Act and the internal control regulations stipulated by the Norwegian Banking, Insurance and Securities Commission.

Auditor's report

Deloitte & Touche
Statunættmæssige Revisorer AS
Accountants
Kornelshytta 20
Postboks 247 Skovveien
N-0217 Oslo

Telefon: 22 27 90 00
Telefax: 22 27 90 01
www.deloitte.no

**Deloitte
& Touche**

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Pareto AS

AUDITOR'S REPORT FOR 2002

We have audited the annual financial statements of Pareto AS as of 31 December 2002, showing a profit of NOK 110.941.000 for the parent company and a profit of NOK 40.606.000 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 2002, 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, 2. April 2003
DELOITTE & TOUCHE

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

**Deloitte
& Touche**
Tøhnematsu

Bergen Flor Færde Grenland/Haugaland Kvernli Kristiansund Lyngdal Oslo
Sjøndal Steingjer Steinkjer Trondheim Torsberg
Medlemsene av Det Norske Revisorforbund
Orgnr: 960 211 282

Pareto Securities

Pareto Securities provides securities brokerage and corporate finance advisory services, such as stock exchange listing, equity and debt offerings, mergers/demergers, acquisitions and sales (M&A).

Pareto Securities has offices in Oslo, Bergen, Haugesund, Kristiansand, Stavanger and Tønsberg. The company has in addition a presence in New York through Nordic Partners, a joint venture between Evli Bank Plc in Finland and Öhman Fondkommission in Sweden.

Pareto Securities

The aim of Pareto Securities is to be one of the leading Norwegian investment banks based on in-depth and detailed knowledge of Norwegian social conditions and of industries where Norway has special competitive advantages. The company's business operations shall be based on thorough research. Our basic philosophy is that the company shall primarily be a broker and adviser. Investments for the company's own account shall only be made when they are necessary to promote trading (market making).

Pareto Securities is focused on Norwegian securities. On the investor side, attention is directed towards Norwegian and international institutions, as well as professional private investors.

Figure 4 – Distribution of revenues (NOK million)



Operations in 2002

Despite difficult market conditions, Pareto Securities experienced a positive profit development in 2002. Operating revenues were down 2% to NOK 345 million, compared to NOK 353 million in 2001, while operating expenses before bonuses were reduced by 26%. Thus, profit before bonuses was 25% higher than the previous year. Operating profit after bonuses and other profit related costs was NOK 127 million in 2002, as compared to NOK 122 million in

2001. Profit after tax came to NOK 59 million in 2002, compared to NOK 53 million in 2001.

It is our opinion that Pareto Securities has continued to strengthen its position relative to its competitors in 2002. Revenues from stock broking and corporate finance decreased by approximately 10%, while the market had a setback of 35%. In the certificate market and parts of the bond markets, Pareto's position as the market leader was reinforced, with an increase in revenues of 33%.

Research

It is the aim of Pareto Securities to offer investors a leading research product on the Norwegian securities market. The company has throughout 2002 increased its capacity on research. In addition, the co-operation on research with P.F. Bassøe AS has been developed.

At the end of 2002, the company had 12 research analysts. The macro economic and interest rate outlook are subject to continuous assessment by our chief economist, while our two credit analysts monitor the Norwegian and international credit markets and perform credit evaluations of selected companies. Our nine equity analysts are responsible for monitoring the principal sectors and larger companies on the Oslo Stock Exchange. In addition, we co-operate with the research expertise in P.F. Bassøe AS within the field of shipping, as well as with Pareto Private Equity within the commercial property market.

Pareto's research products are made continuously available to the company's clients via the website <http://www.pareto.no>. The analyst team continuously prepares sector and company research, which are published regularly on a daily, weekly and monthly basis. Almost 1300 research documents were produced throughout the year.

The organisation of conferences and company visits for our investors forms an important part of our research operations. Among other events, Pareto hosted for the ninth time its annual oil and offshore conference, an event that has grown to become a leading European investment forum for oil and oil related companies. More than 450 private and institutional investors attended the conference. Our technology seminar was held in June, with participation from 8 quoted companies and more than 150 institutional and private investors.

Equities

Pareto's brokerage activity was marked by the difficult market conditions in 2002, but we experienced growth relative to our competitors. Our revenues from brokerage services fell by approximately 10%, while the market fell more than 20%.

Among the services our 29 brokers and specialists offer are brokerage of equities and equity derivatives, as well as program trading and broker-to-broker and arbitrage related trading. Our client base consists of Norwegian and foreign institutional and private clients. Our presence in New York through Nordic Partners has contributed to strengthen our geographical client base as well as our investment capacity.

Our results for 2002 confirmed that we reached our targets, and that we are well positioned for further improvement in 2003. Pareto has the following objectives for 2003:

- The brokerage division shall continue to focus on offering first-class analytical advisory service.
- The brokerage team shall be among the 3 best brokerage teams in Norway, measured by profitability, service, investment capacity and advisory services.

Debt instruments

The bond desk experienced a very good year in 2002, and the company's position in the bond market was considerably strengthened. Pareto Securities managed bond issues totalling more than NOK 30 billion during 2002. This is four times as much as in 2001, and is partly due to increased demand for bonds held to maturity and Statkraft's new issues towards the end of 2002. This year was, like last year, distinguished by a two-sided development. The first half-year was marked by the traditional issues in the financial sector, both senior and subordinated loans. The weak financial markets, uncertain economic development and the Finance Credit scandal in November 2002 resulted in increased interest in AAA- and AA-borrowers and scepticism towards the banking sector.

Despite the negative development of the international equity markets, Pareto Securities managed equity index bond issues with a total value of more than NOK 400 million in 2002. The issues were carried out in close co-operation with the company's equity department and external partners.

In the secondary market for listed bonds, Pareto increased its market share in the bank sector to 25%. Our share of sales within the industrial sector remained at more than 20%. Our share of sales in the local authority sector decreased slightly to 12%, in the same way as the share in the field of state-owned enterprises, which fell from 18 to 15 percentage points. The sales share of subordinated loans increased strongly throughout 2002, with an average share of 45%. In the field of "mortgage company loans", where Eksportfinans and Kommunalbanken are included, Pareto Securities had more than 50% of the sales share. In the government securities' market, the bond desk had, in co-operation with the Internet department, great success on the launch of Pareto's trading solution for government securities on Oslo Stock Exchange. Pareto Securities is the only Norwegian company offering this service.

Corporate finance

Pareto Securities is one of the foremost Norwegian institutions in the field of corporate finance, offering services designed for all the major sectors in Norway. As an independent long-term adviser, it is the goal of Pareto Securities to offer a full range of services to its clients, from initial public listings, new issues and to mergers/demergers, acquisitions and sales. Pareto Securities is in close proximity to the major industry and commerce centres in Norway through its advisory service departments in Oslo and Stavanger.

Pareto Securities focuses primarily on companies that are already listed or have a potential to become listed or have a potential to do so in the not too distant future. Pareto Securities co-operates with Pareto Private Equity so that it can also serve companies in an early development phase.

It has always been the opinion of Pareto Securities that financial advisory services should be based on in-depth expertise in the sector in which the companies operate. Pareto Securities possesses this expertise in particular in the fields of:

- Oil, offshore and offshore services
- Technology, the media, and telecommunications
- The cruise and shipping industries
- Power companies, grid and transmission companies
- Banking and financial services
- Industry, foodstuffs, building, construction and fisheries

Pareto Securities offers the services of a team with broad managerial experience from industry, consult-

ancy and the capital markets. Our employees have wide-ranging experience as advisors on merger, acquisition and sales processes.

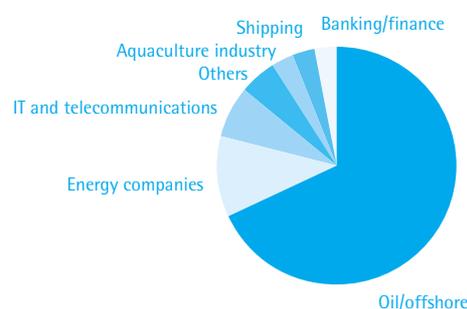
Pareto Securities carried out around 50 major projects in 2002, in a wide range of sectors, business activities and project types.

Pareto Securities acted as manager in a number of the most important equity issues in the Norwegian market in 2002, including the Kværner, Ocean Rig, Hydralift, Sinvest, Lerøy Seafood Group and Komplett issues. In all, Pareto Securities was involved in 35% of all issues registered on the Oslo Stock Exchange (in terms of NOK), and the company had 15,6% of reported corporate revenues at the Norwegian Banking, Insurance and Securities Commission.

Some of the most important projects carried out by Pareto Securities in 2002 include:

- The Kværner flotation and the merger between Aker Maritime and Kværner
- Sale of Europay
- Advisor for Nordlandsbanken in connection with DnB's acquisition of the company
- Two flotations and secondary sale in Hydralift
- Advisor for Hydralift in connection with the sale of the company to National Oilwell
- Sale of shares in BKK
- The stock exchange introduction of Lerøy Seafood Group
- Flotations of shares and mandatory convertible bonds for Ocean Rig ASA
- Eight major sales, flotations and mergers within the energy sector
- The acquisition of the American equipment company Amclyde for Hydralift

Figure 5 – Distribution of corporate finance revenues in 2002





Pareto Private Equity

Pareto Private Equity offers services in the fields of corporate finance, project financing, business management and commercial property trading.

Pareto Private Equity

Pareto Private Equity is the parent company of Pareto Management AS, Pareto Eiendom AS and Pareto Consulting AS. 2002 was a good year for Pareto Private Equity. The company experienced high activity levels within all core areas.

Operations in 2002

Project finance shipping

The activity within the shipping sector was high in 2002. We still struggled to find interesting shipping projects with the optimal combination of risk structure and profit potential. Much time was spent on assignments in the crossover of project financing and financial advisory service. We find that activities within sale-lease-back transactions in the shipping field are increasing, and we expect that the Norwegian market and Pareto will take part in this growth. Hence, we are optimistic with regard to increased activity within project finance shipping in 2003. The shipping portfolio managed by Pareto has a market value of USD 220 million.

Project finance real estate

Within the area of project financing for commercial property, the company continued its involvement in large high-quality properties at attractive locations with long-term leases. Pareto managed several large real estate projects in 2002, and the company has confirmed its sturdy position in the syndicate market.

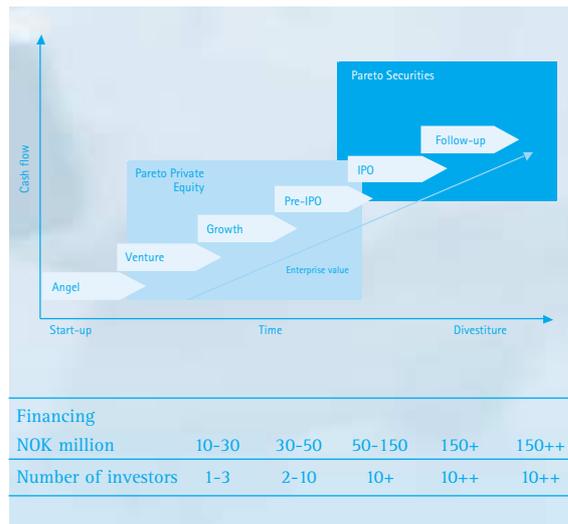
The real estate portfolio managed for investors by Pareto Private Equity has a market value of about NOK 4 billion.

The profit development on our investors' real estate portfolio has been very positive over the last years, and considerably better than both returns from banks and the development of the All Share Index at Oslo Stock Exchange.

Figure 6 – Pareto's real estate index



Figure 7 – Pareto Private Equity works with companies before stock-exchange listing



Corporate finance

Pareto Private Equity offers corporate finance services, and focus on private, unlisted companies. Despite a difficult financial market, Pareto Private Equity increased its revenues from corporate finance services from 2001 to 2002. Most of our projects were related to structural modifications and sales and purchases of businesses. The market for raising capital to private, unlisted companies was difficult in 2002.

Our corporate team has a diverse background from industry, consultancy and the capital market. By focusing on private companies and their specific problems and needs, we aim to contribute to adding value to our clients.

In 2002, we have spent a considerable amount of time enhancing our relations to the large Norwegian institutional investors as well as selective international institutions. This progress will continue in 2003.

Pareto Eiendom AS

Pareto Eiendom is involved in trading and advisory services related to sale and leasing of commercial property. The company is known for emphasising quality and constructive solutions. Pareto Eiendom experienced, like the rest of the commercial property brokers, that the market was tough in 2002.

Pareto Management AS

Pareto Management acts as an administrator of companies and projects managed and syndicated by Pareto Private Equity. In addition, Pareto Management acts as bookkeeper for several of the companies in the Pareto group. Continued positive development is expected in 2003. Pareto Management AS is at present administrator for more than 60 companies, and offers complete management, including accountancy, tax consultancy and cash management services.

Pareto Forvaltning

Every investor has a unique risk profile. Individual management solutions should therefore be a prerequisite for good risk management.

The company offers discretionary asset management and business management services for investors in the security market.

Pareto Forvaltning

The company offers discretionary asset management and business management services for investors in the security market. Our clients consist of large and medium-sized enterprises in the private and public sector, pension funds, foundations and wealthy private individuals. The company has ten managers/advisors with an average of 15 years of relevant experience. Two employees work in business management. Other services such as research, settlement, technology and accounting are contracted from other companies in the group.

At the end of January 2003, Pareto Forvaltning provided management services totalling NOK 10,6 billion, whereof NOK 5,1 billion under discretionary asset management for approximately 190 clients.

Pareto Fondsforvaltning

To enhance our management services, Pareto Fondsforvaltning AS was established in September 1999. Pareto Fondsforvaltning offers interest-bearing investment opportunities through Pareto Likviditet, Pareto Obligasjon and Pareto Høy Rente, the latter a mutual fund for larger professional investors. Other opportunities include the equity fund Pareto Aksje Norge (min. NOK 50 million) and the combination fund Pareto Aktiv (min. NOK 500 000).

Business concept and management philosophy

Our business concept is based on the fact that every investor has a unique risk profile. Individual management solutions should therefore be a prerequisite for good portfolio and risk management. Our management concept is based on providing a combination of management service modules that can be customized to the clients' varying needs and risk profiles.

Our management services are based on thorough in-house research. The number of investments in the Norwegian equity market will be limited, normally between 15 and 20. Our investments are directed at companies with good managements, attractive pricing and solid balance sheets. In our opinion, this strategy provides, together with continuous monitoring of each investment, a satisfying risk diversification. A strong focus on consistency, i.e. stable additional return over time, is central to our management philosophy.

Our Internet reporting system supplies the necessary information 24 hours day, and will each day give an update based on the closing price of the Oslo Stock Exchange the previous trading day.

Business management services

In addition to traditional asset management, we offer a business management service, where Pareto Forvaltning acts as a strategic partner associated with the investors' management environment. This is a flexible and useful concept for major investors who recognize the value of outsourcing parts of their management operations and at the same time wish to maintain a high level of control and influence in the various phases of the investment process. In addition, we have also developed a management service consisting of foreign capital instruments and liabilities management, where the company handles complex debt portfolios for larger clients in relation to offers towards financial institutions, interest rate risk management and reporting.

Financial returns 2002

2002 started off well for the participants in the international and Norwegian securities market. During the summer we saw a negative development in the equity market, as well as a falling interest rate. The weak market was further damaged through several financial scandals, such as Enron, WorldCom and Arthur Andersen. With that the uncertainty increased, and the investors demanded a greater risk premium to invest in shares. The re-pricing gave way to a decrease of more than 30% in the American stock market from March to July, while Oslo Stock Exchange fell 31% in total in the year.

Despite the considerable difficulties in the market, Pareto Forvaltning can present relatively good results for clients with Norwegian interest and share portfolios. For those of our clients who have followed our principal profile throughout the year, the return on invested capital has been negative by between 10% and 14%, which gives a positive contribution to the All Share Index of Oslo Stock Exchange of 16% - 20%. The company can also portray similar historical results, where our first client, established in August 95, has had a return of +88,6%, compared to Oslo Stock Exchange at -3,7%.

Some of our clients have chosen to follow a more value orientated share portfolio, which makes up the most conservative shares in our main profile (about 10 shares). This portfolio consists of companies with a low P/E and a high direct yield, through dividends of 5% - 6%. The portfolio in question has had a negative return for our clients of approximately 2% in 2002.

During the last four years, our share portfolios have returned a positive yield of 28%, an additional yield

Figure 8 – Comparison between Pareto Forvaltning, Oslo Stock Exchange and the FT World index from 01.01.02 to 31.12.02



of 49% compared to Oslo Stock Exchange (-21,7%). The international market (FT World) has in the same period dropped by 36,8%.

Figure 9 – Comparison between Pareto Forvaltning, Oslo Stock Exchange and the FT World index from 01.01.99 to 31.12.02



As a result of high historical yields, a sound asset management philosophy and working methods, we have had 25% growth in total assets under management during 2002. We have been shown trust through several new mandates in the Norwegian equity market, especially within the public sector.

P.F. Bassøe is actively involved in tanker chartering, freight derivatives and sale and purchase, principally in the large crude carrier segments. In addition to its Norwegian clients, the company has an international client base, mainly in Korea, Hong Kong and Greece.

P.F. Bassøe

P.F. Bassøe was established in 1972, has 22 employees and focuses on the following principal areas:

- Tanker chartering (principally VLCC, Suezmax and Aframax)
- Freight derivatives (FFA and Imarex)
- Sale and purchase / projects / corporate finance
- Market research

The company's revenues totalled NOK 39,9 million in 2002, which was 38% lower than the year before. The company's market share is mostly unchanged from 2001. As such, the revenue reduction comes as a function of a volatile tanker market.

Tanker chartering

The company has maintained its market share in Scandinavia with regard to chartering of large tanker tonnage. In the course of the year, the reduction in the traditional domestic market continued, but this was partially compensated for by an increased focus on international clients. The chartering department handles both ship owners and oil companies. The department has for many years had Korean and Middle East based oil companies among its clients, in addition to Navion of Norway.

Sale and purchase

The volume of sale and purchase transactions in 2002 was reduced compared to 2001. This is mainly due to the difficult market conditions throughout the year, which neither stimulated investments, nor enforced sales, as the situation did not last long enough for this to arise. In addition to the majority of the larger Scandinavian ship owners, our client file includes international names – principally from Korea, Hong Kong, Singapore and Greece.

Freight derivatives

Brokerage of freight derivatives has grown considerably during the year, and Bassøe is now one of the larger participants in the market. The client file includes Norwegian and international shipping companies, oil traders, investment banks and investors. The company performed broking of freight derivatives both in the quoted market (Imarex) and the unquoted market (OTC), with emphasis on the latter.

The market for freight derivatives is still emerging with great growth potential, and focus has continuously increased. The increased volatility in the underlying market, especially in the last quarter of 2002, has resulted in a rise in demand for, and

focus on, the possibilities of freight derivatives as instruments for hedging and trading. Continued growth within this field is expected.

The tanker market in 2002

“It was the worst of times, it was the best of times”

The last years' substantial fluctuations in the tanker market continued in 2002, and make the headline from 2001's annual report equally relevant, though in the reverse order. An extremely weak market in the first half-year was followed by a strong upturn during the last five months of 2002. The fluctuations are due to several circumstances, both cyclical and political. Prospects for war in the Middle East and the Venezuela oil strike have for obvious reasons had a broad focus in the media, but there are also signs of improvement in more fundamental issues, such as an increase in oil consumption and limited fleet growth, which have been important contributions to a better market. The latter has resulted in a generally optimistic view on the market development, but we are nevertheless prepared for large fluctuations.

2002 started off with a weak market that went from bad to worse during the spring months. Opec's desire to keep a high oil price resulted in a considerable cut in Middle East exports, in order to reduce the large oil inventories. This led to a drop in freight rates for large tankers to the lowest level in 15 years in the course of the summer. Furthermore, it resulted in a reduction in the fleet capacity as more old tankers went for demolition.

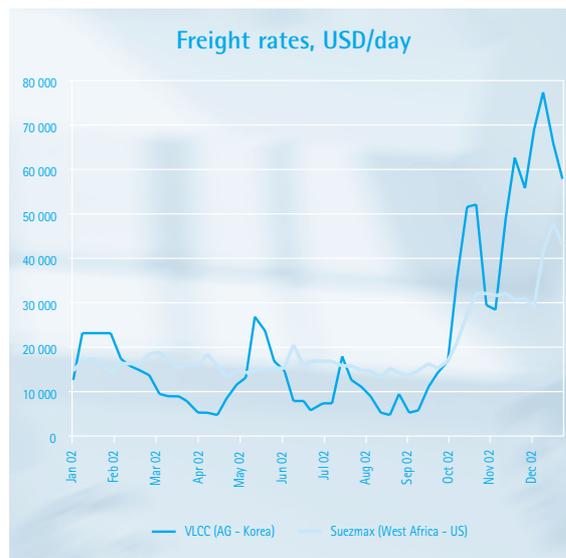
In the course of the autumn, the market changed radically. Opec increased the oil production due to increased consumption and low inventories. With limited tonnage capacity, this resulted in an immediate increase in freight rates, with high levels up towards USD 50,000 a day.

Towards the end of the year, two new occurrences put further upward pressure on the market. The single hulled tanker Prestige was wrecked off the Spanish coast in November, and Venezuelan oil export was stopped in December as a result of strike. Both events have had substantial consequences

for the freight market. As a consequence of the Prestige accident, the EU now wants to ban single hull tankers within European waters. There has not yet been any final resolution on this matter, however it is evident that the market conditions for single hull tankers have worsened, and total fleet capacity is reduced. Simultaneously, the Venezuela oil strike has resulted in an increased demand for tonnage, because part of the lost export has been replaced from the Middle East over considerably longer distances. Thus, freight rates have, during the first quarter of the year, reached the record levels experienced two years ago.

The focus in the tanker market is at the present date pointed towards Iraq. The repercussions of the war are still uncertain. During the Gulf war 12 years ago, there was a considerable building-up of inventories in front of the acts of war. There have been few signs of the same this time. Accordingly, the market seems to be well balanced, hence it should be possible to avoid a longer-lasting recession.

Figure 10 – The freight market in 2002



Pareto AS is the parent company in the group. In addition to the company's investments in shares in subsidiaries in the Pareto Group, Pareto AS also makes strategic investments in companies engaged in related business activities, which can be strategic partners for Pareto. In addition, the company makes financial investments in the securities market as part of its cash management operations.

Investments in subsidiaries

We have equity stakes of 75% to 100% in our subsidiaries. The total book value of our shares in subsidiaries is NOK 97,9 million on the parent company's balance sheet. Additional equity has been built up through retained earnings as the subsidiaries have grown. The parent company's share of book equity in subsidiaries totals NOK 435.3 million, including the minority shareholders' stake of NOK 29,2 million. Employees and partners in subsidiaries own the minority shares.

Strategic investments

Fondsforvaltning AS and PLUSS Aktiv Forvaltning ASA

Pareto AS owns 35% of Fondsforvaltning AS and 35% of PLUSS Aktiv Forvaltning ASA. These companies are primarily engaged in portfolio management services for major investors. Fondsforvaltning AS manages money market, bond and equity funds. At year-end, the total assets managed was approximately NOK 3,1 billion, of which NOK 2,5 billion are fixed-interest securities and NOK 0,6 billion are shares.

The two companies had a total of 5 employees at year-end. In 2002, the companies reported revenues of NOK 16,3 million and profit after tax of NOK 5,8 million. Their book equity totalled NOK 36,3 million.

Consilio ASA

Pareto AS owns 36,5% of the Kristiansand based consulting firm Consilio ASA. The company offers mainly advisory and commercial development services. The company had 8 employees in 2002, and reported revenues of NOK 6,4 million. The book value totalled at the end of 2002 NOK 2,0 million.

Natsource LLC

Pareto AS has a minority stake (approximately 1%) in Natsource LLC. Natsource is an active broker in most of the energy markets in the US and Europe, and is involved in power, gas, coal and emissions markets (CO₂, SO₂ and NO_x). The head office of Natsource LLC is located in New York. Pareto became a minority stakeholder in Natsource when the company acquired CBF Energimegling AS, a company in which Pareto held a 13% stake.

Nordic Partners Inc.

In the first quarter of 2003, Pareto AS acquired 7,5% of the shares in the brokerage firm Nordic Partners Inc. The other shareholders of the company are Finnish Evli Bank Plc and Swedish E.Öhman J:or Fondkommission AB. The company has 10 employees, and is located in New York.

Cash management

Pareto AS manages a securities portfolio of approximately NOK 215 million, of which slightly more than NOK 40 million are in fixed-interest securities, and the rest is equity investments. Even though the cash management evolved better than the market, it caused an unrealised loss of about NOK 42 million on the parent company.

Pareto's clients have access to a range of financial services via our web site Pareto.no (www.pareto.no). Our ambition is to make available high-quality information as well as advisory services and trading, and at the same time offer improved service and accessibility. In short, we wish to give our clients the best base for making their investment decisions.

For many clients, Pareto.no is a good supplement to their usual contact with Pareto, however the service also works excellently as an independent product. An increasing number of our clients make use of the Internet as their main source of market information, research and advisory services and for securities trading.

The growth in number of users has continued in 2002. During the year, we have improved user-friendliness, functionality and contents. The largest individual launch has been trading of government certificates and bonds through the Internet. Pareto is the first and so far the only company offering this service in Norway, and the product has been welcomed by the largest participants in the market as well as by Oslo Stock Exchange. During the most active periods, Pareto.no has a turnover of more than NOK 500 million per day worth of government certificates and bonds. Measured by turnover, this means that Pareto.no became one of the largest Norwegian e-commerce services in 2002.

On www.pareto.no, the following information and services can be obtained (depending on the client relationship):

The research service

- Access to Pareto's archive of research reports, comments, reports and presentations
- Updated information on all companies covered by Pareto, such as key financial figures, estimates and fundamental data
- Up to date recommendations with risk and rate potential
- 'Pareto Rating Module' – our tool used for ranking companies according to actual and estimated key figures.
- Alerting service for new research by e-mail or SMS
- Watch list and simulated portfolio
- Recommendations based on technical analysis, as well as an interactive, graphical module for own research

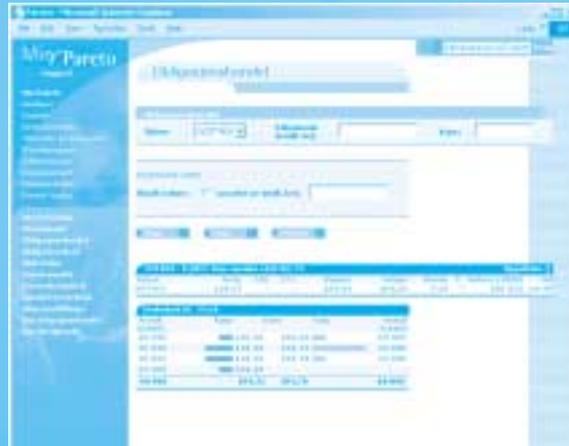


Online trading of securities listed on the Oslo Stock Exchange

With a simple additional contract, all clients can get the possibility to submit, modify and cancel orders in a simple and cost-efficient manner. Online trading can be combined with trading through a broker, and irrespective of the trading channel, the clients obtain a full overview of their client profile through the Internet.

We would like to draw attention to the following functions:

- The orders are sent directly to the stock exchange with no delay
- Possibility of real-time quotes and market information
- Immediate notification of executed orders
- Optional form of settlement
- Portfolio- and order summary, contract note archive, account details etc.
- Advanced order types, such as hidden volume and stop-loss
- Simple, clearly set out and user friendly solution



Government certificates and bond trading

Pareto is the first and so far the only company offering online trading of government certificates and bonds in Norway. During the year, several of the largest participants in the market have been active users, and the service has traded large amounts. To the clients, the service represents a simple, effective and reasonably priced way of trading. These kinds of securities are also well suited for Internet trading. Pareto has through this trading solution gained a foothold in a market in which we have had little presence earlier. The service can be adjusted to meet the special needs of institutional clients.



Online trading of securities in the US

Pareto also offers one of the best solutions on the market for online trading on the New York Stock Exchange, American Stock Exchange and NASDAQ. The solution offers full, real-time market information from the American stock exchanges, a number of order types and an especially fast completion of orders. A new offer this year is the possibility of trading with listed options in the same market.



Miscellaneous

- Price and market information for exchange listed and unlisted securities, domestic and foreign indexes and selected indicators
- Pareto Trader: our online streaming quote application
- Updated prices for Pareto's equity index bonds
- Tax consulting service, which automatically generates basics for the tax return (Norwegian residents only)
- Daily updated portfolio reports from Pareto Forvaltning

- Information/prospectuses for properties that are available for sale or leasing through Pareto Eiendom
- Information on projects offered by Pareto Private Equity

Further information and registration application forms for both existing and new clients of Pareto can be found on www.pareto.no, or can be obtained upon inquiry to info@pareto.no.

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As of 01.04.2003

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Kai Engedal
Anders Endreson
Svein Støle

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