

BANKERS TRUST INVESTMENTS PLC
REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 1999

Registration number: 727694



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DIRECTORS AND ADVISORS

Directors

S W Blase
J S Cross
N D Harrison
T M Quane

Company Secretary

G S Clark

Registered Office

Winchester House
1 Great Winchester Street
London
EC2N 2DB

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Company Registered Number: 727694

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended December 31, 1999.

Results and dividends

The loss after taxation amounted to \$92,878,000 (1998 - \$140,650,000). No dividends were paid during the year (1998 - \$Nil). The directors do not recommend the payment of any dividend in respect of the year.

Principal activity and future developments

The Company is a holding company. On June 5, 1999 the Company sold 100% of the ordinary share capital of its subsidiary undertaking, Bankers Trust International PLC. The initial consideration amounted to \$1,723,000,000. Under the terms of the sale agreement, it was acknowledged that the initial consideration might require subsequent adjustment; as a consequence, the consideration was reduced by \$136,300,000. The Company has retained its other holdings.

On November 30, 1998 Deutsche Bank AG and Bankers Trust Corporation ("BTCorp") the then ultimate parent company announced that the Supervisory Board of Deutsche Bank AG and the Board of Directors of Bankers Trust Corporation had approved a definitive agreement for a transaction under which Deutsche Bank AG would acquire all outstanding shares of the common stock of Bankers Trust Corporation, at a price of US\$ 93.00 per share in cash.

All outstanding shares of the common stock of BTCorp were acquired by Deutsche Bank AG on June 4, 1999.

Directors and their interests

The directors of the Company during the year or at the date of this report were:

S W Blase	(appointed June 12, 2000)
P R Burke	(resigned June 7, 1999)
B R Cook	(resigned March 31, 2000)
J S Cross	
A M Graham	(resigned July 13, 2000)
N D Harrison	
T M Quane	
A S Ramsay	(resigned June 5, 1999)

None of the Directors had an interest in the share capital of the Company during the year.

None of the Directors had any disclosable interest in the shares or debentures of any UK group undertaking at the end of the year, or were granted or exercised any right to subscribe for shares in, or debentures of, any UK group undertaking during the year.

Creditor payment policy

The Company has no suppliers. Expenses of the Company are paid for by a subsidiary.

DIRECTORS' REPORT (continued)

Year 2000 readiness disclosure

Deutsche Bank AG, the Company's ultimate holding company, set up a global Year 2000 Project which covers all consolidated Group companies, including Bankers Trust Investments Plc. The Project was successfully implemented and no material problems have arisen following the transition into the new millennium. The Project continues monitoring the Year 2000 conformity of the Group's IT-infrastructure to address any Year 2000 problems that may occur post January 1, 2000 and to provide for a smooth leap-year transition. The project was scaled down in March 2000, but monitoring of technology systems continues within the Deutsche Bank Group's IT and Operations areas.

The Directors are aware of the continuing potential problem posed to computer systems by the Year 2000 subsequent to the date change, its potential impact on the Company's operations, and have considered the key risks arising. There can be no certainty that problems will not arise in current and future years as a result of the date change, however experience of the year end and leap year transitions suggests that these risks are minimal.

Bankers Trust Investments Plc has not incurred and does not expect to incur material expenses and the directors do not expect a material loss to occur as a result of the Year 2000 issue.

Statement of directors' responsibilities in respect of the financial statements

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

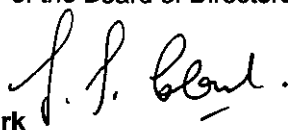
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint KPMG Audit Plc as auditors will be proposed at the Annual General Meeting.

By order of the Board of Directors this 21st day of July 2000.


G S Clark
Company Secretary

REPORT OF THE AUDITORS

to the members of Bankers Trust Investments PLC

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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 December 31, 1999 and its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Registered Auditor
London

Date: *21 July 2000*

PROFIT AND LOSS ACCOUNT
for the year ended December 31, 1999

	Notes	1999 \$'000	1998 \$'000
Fees and commissions receivable		-	-
Other operating charges		-	-
		<hr/>	<hr/>
OPERATING PROFIT	2,3	-	-
Loss on sale of investments		(120,711)	-
Amounts written off investments	8	-	(142,683)
Interest receivable	4	72,445	29,574
Interest payable	5	(31,337)	(34,234)
Other operating expense	6	(13,275)	(2,536)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(92,878)	(149,879)
Tax on loss on ordinary activities	7	-	9,229
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR		(92,878)	(140,650)
		<hr/>	<hr/>

The loss during the period has arisen from continuing operations which includes the loss on sale of investments of \$120,711,000.

The notes on pages 8 to 13 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended December 31, 1999

	Notes	1999 \$'000	1998 \$'000
Loss for the year		(92,878)	(140,650)
Unrealised gain (deficit) on revaluation of investments	8, 14	722	(287,005)
Currency translation differences on foreign currency investments	8, 14	(3,282)	(300)
Total recognised gains and losses relating to the year		<u>(95,438)</u>	<u>(427,955)</u>

Included within currency translation differences is \$nil (1998 - \$1,613,000) relating to exchange losses on loans used to finance foreign investments.

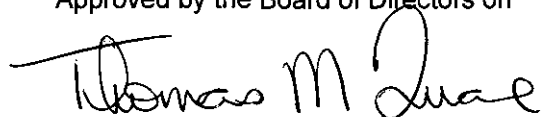
The notes on pages 8 to 13 form part of these financial statements.

BANKERS TRUST INVESTMENTS PLC

BALANCE SHEET at December 31, 1999

	Notes	1999 \$'000	1998 \$'000
FIXED ASSETS			
Investments	8	19,708	2,032,816
		<u>19,708</u>	<u>2,032,816</u>
CURRENT ASSETS			
Debtors	9	22,593	14,031
Cash at bank	10	1,732,919	19,971
		<u>1,755,512</u>	<u>34,002</u>
CREDITORS: amounts falling due within one year	11	(182,970)	(159,993)
NET CURRENT ASSETS (LIABILITIES)		<u>1,572,542</u>	<u>(125,991)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,592,250	1,906,825
CREDITORS: amounts falling due after more than one year	12	(100,000)	(319,137)
NET ASSETS		<u>1,492,250</u>	<u>1,587,688</u>
CAPITAL AND RESERVES			
Called up share capital	13, 14	429,029	429,029
Share premium	14	144,097	144,097
Revaluation reserve	14	1,178	3,738
Profit and loss account	14	917,946	1,010,824
SHAREHOLDERS' FUNDS		<u>1,492,250</u>	<u>1,587,688</u>

Approved by the Board of Directors on 21st July 2000


Director

THOMAS M QUaide

The notes on pages 8 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
at December 31, 1999

1 Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention except for investments in the equity capital of subsidiary undertakings, and in accordance with applicable accounting standards.

Valuation of fixed asset investments

Investments in the equity capital of subsidiary undertakings are revalued to reflect current net asset values. In the situation where an undertaking's liabilities exceed its assets, the Company carries the investment at zero. Any surplus on revaluation, and any deficit which is deemed to be temporary, has been taken to revaluation reserves. Provision for any deficit which is deemed to be permanent is taken to the profit and loss account.

Debt securities and equity shares are held for investment purposes where they are intended for use on a continuing basis in the activities of the Group.

- (a) Debt securities held for investment purposes are valued at cost in the currency of purchase and revalued at the exchange rate current at the balance sheet date. The premium or discount arising on the purchase is amortised or accreted to the profit and loss account over the remaining life of the security.
- (b) Equity shares held for investment purposes are valued at cost less amounts provided for any permanent diminution in value.

Format of accounts

The Company does not produce a cash flow statement by virtue of an exemption contained in FRS 1 (Revised 1996). The Company's ultimate parent company for 1999, Deutsche Bank AG ("DB"), presents a cash flow statement in its Annual Report.

The Company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties which are part of the DB world-wide group.

Both of the exemptions above also rely on DB's consolidated financial statements being publicly available (see Note 15).

Reporting currency

The reporting currency of the Company's activities is US dollars. This is to achieve consistency with its ultimate holding company and also because of the international nature of the Company's business.

Foreign currency

Transactions in currencies other than US Dollars are recorded at the rate ruling at the date of the transaction. Assets and liabilities in currencies other than US Dollars are translated at the rates of exchange at the balance sheet date. Gains and losses on translation are taken to the profit and loss account, except for those arising from the re-translation of the assets and liabilities of an overseas branch, or subsidiary undertaking, which are taken to the revaluation reserve. Where a foreign currency loan is used to finance foreign equity investment, exchange gains and losses on the foreign currency borrowings are offset as a reserve movement, against the exchange rate gains/losses on the investment.

NOTES TO THE FINANCIAL STATEMENTS
at December 31, 1999 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is provided on all timing differences using the liability method except where such timing differences are not expected to crystallise in the foreseeable future. The provision is calculated at the rate at which it is estimated that the tax will be payable.

2 Auditors' remuneration

	1999 \$'000	1998 \$'000
Audit services	<u>6</u>	<u>6</u>

The remuneration of the auditors for 1999 and 1998 is borne by a group undertaking.

3 Directors' emoluments

Directors' emoluments include salaries, bonuses, the estimated money value of benefits in kind and the estimated money value of shares awarded (other than those awarded under long term incentive schemes). Directors' emoluments do not include the value of stock options granted, any Company contributions paid in respect of pension schemes and any money or other assets receivable under long term incentive schemes. The following amounts represent the proportion of each director's total remuneration from DB which is deemed to relate to their services in the management of the Group.

	1999 \$000	1998 \$000
Emoluments	247	92
Money receivable under long term incentive schemes	8	2
Money purchase pension contributions	3	10
Compensation for loss of office	36	-
	<u>294</u>	<u>104</u>

Of the directors who are members of DB pension schemes, 6 accrue money purchase benefits (1998 - 7) and 1 accrue defined benefits (1998 - 3).

During the year, 7 directors received shares under long-term incentive schemes (1998 - 7).

The remuneration of the highest paid director amounted to \$112,257 (1998 - \$26,421). In 1999, the highest paid director's defined benefits pension entitlements amounted to \$27,318, whereas in 1998, the highest paid director's money purchase pension contributions amounted to \$3,185.

Directors' emoluments are borne by a group undertaking.

NOTES TO THE FINANCIAL STATEMENTS
at December 31, 1999 (continued)
4 Interest receivable

	1999	1998
	\$'000	\$'000
Interest receivable from group companies	72,445	27,232
Other interest receivable and similar income	-	2,342
	<u>72,445</u>	<u>29,574</u>

5 Interest payable

	1999	1998
	\$'000	\$'000
Interest payable to group companies	<u>31,337</u>	<u>34,234</u>

6 Other operating expense

Amount relates to loss on translation of assets and liabilities in currencies other than US Dollars.

7 Taxation

	1999	1998
	\$'000	\$'000
Tax refunded in respect of prior periods	<u>-</u>	<u>(9,229)</u>

8 Investments

1998	Shares in subsidiary undertakings \$'000	Loans to subsidiary undertakings \$'000	Total \$'000
As at January 1, 1998	2,158,054	302,536	2,460,590
Amounts written off investments	(142,683)	-	(142,683)
Revaluation	(287,005)	-	(287,005)
Foreign exchange gain	1,313	601	1,914
At December 31, 1998	<u>1,729,679</u>	<u>303,137</u>	<u>2,032,816</u>
1999	Shares in subsidiary undertakings \$'000	Loans to a subsidiary undertaking \$'000	Total \$'000
As at January 1, 1999	1,729,679	303,137	2,032,816
Sales proceeds	(1,586,700)	-	(1,586,700)
Loss on sale of investment	(120,711)	-	(120,711)
Foreign exchange loss	(2,560)	-	(2,560)
Repayment	-	(303,137)	(303,137)
At December 31, 1999	<u>19,708</u>	<u>-</u>	<u>19,708</u>

NOTES TO THE FINANCIAL STATEMENTS
at December 31, 1999 (continued)
8 Investments (continued)

The loans to a subsidiary undertaking, of which the Company's rights were subordinated to other creditors, were repaid during the year.

The historical cost of shares in subsidiary undertakings at December 31, 1999 was \$18,530,000 (1998 - \$1,868,624,000).

Details of the principal subsidiary undertakings of the Company are as follows:

Name of Company	Country of registration	Class and proportion of shares held	Nature of business
Directly held			
Rodo Nominees Limited	England & Wales	100% of ordinary shares of £1	Nominee company
Bankers Trust France S.A.	France	100% of ordinary shares of 1,000FF	Financial trading

9 Debtors

	1999 \$'000	1998 \$'000
Amounts receivable from group undertakings	22,593	13,599
Prepayments and accrued income	-	432
	<u>22,593</u>	<u>14,031</u>

10 Cash at bank

	1999 \$'000	1998 \$'000
Deposits held at group undertakings	<u>1,732,919</u>	<u>19,971</u>

11 Creditors: amounts falling due within one year

	1999 \$'000	1998 \$'000
Amounts payable to group undertakings	<u>182,970</u>	<u>159,993</u>

NOTES TO THE FINANCIAL STATEMENTS
at December 31, 1999 (continued)
12 Creditors: amounts falling due after more than one year

Amounts payable to group undertakings	1999 \$'000	1998 \$'000
Subordinated loans	100,000	303,137
Other amounts payable to group undertakings	-	16,000
	<u>100,000</u>	<u>319,137</u>

The long term subordinated loan liabilities, which are unsecured and subordinated to the rights of ordinary creditors, are due to its parent company Bankers Trust Holdings (U.K.) Limited.

Payment of subordinated liabilities are due as follows:

	1999 \$'000	1998 \$'000
£47m payable on December 27, 2000	-	78,184
£15m payable on June 28, 2001	-	24,953
\$100m payable on June 25, 2002	-	100,000
\$100m payable on December 31, 2014	100,000	100,000
	<u>100,000</u>	<u>303,137</u>

13 Called up share capital

	1999 \$'000	1998 \$'000	1999 No'000	1998 No'000
Authorised:				
Ordinary shares of £1 each	85	85	50	50
Ordinary shares of \$1 each	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
	<u>600,085</u>	<u>600,085</u>	<u>600,050</u>	<u>600,050</u>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	85	85	50	50
Ordinary shares of \$1 each	<u>428,944</u>	<u>428,944</u>	<u>428,944</u>	<u>428,944</u>
	<u>429,029</u>	<u>429,029</u>	<u>428,994</u>	<u>428,994</u>

NOTES TO THE FINANCIAL STATEMENTS
at December 31, 1999 (continued)
14 Reconciliation of shareholders' funds and movements on reserves

	Share capital \$'000	Share premium \$'000	Revaluation reserve \$'000	Profit & loss account \$'000	Total \$' 000
At January 1, 1998	429,029	144,097	289,430	1,153,087	2,015,643
Retained loss for the year	-	-	-	(140,650)	(140,650)
Currency translation differences	-	-	1,313	(1,613)	(300)
Revaluation of investments	-	-	(287,005)	-	(287,005)
At December 31, 1998	<u>429,029</u>	<u>144,097</u>	<u>3,738</u>	<u>1,010,824</u>	<u>1,587,688</u>
Retained loss for the year	-	-	-	(92,878)	(92,878)
Currency translation differences	-	-	(3,282)	-	(3,282)
Revaluation of investment			722		722
At December 31, 1999	<u>429,029</u>	<u>144,097</u>	<u>1,178</u>	<u>917,946</u>	<u>1,492,250</u>

15 Ultimate parent company

For 1998 the Company's ultimate parent company, and the parent of the largest group for which financial statements are prepared, is Bankers Trust Corporation ("BTCorp"), which is incorporated in the United States of America.

The Company's ultimate parent company within the EU, and the parent of the smallest group for which financial statements are prepared, is Bankers Trust Holdings (U.K.) Limited, which is registered in England and prepares group financial statements.

From June 4, 1999 Deutsche Bank AG, a company registered in Germany, is the Company's ultimate controlling entity, also being the ultimate parent company and the parent undertaking of the largest such group for which group financial statements are drawn up.

Copies of the financial statements prepared in respect of BTCorp, Bankers Trust Holdings (U.K.) Limited and Deutsche Bank AG may be obtained from Winchester House, 1 Great Winchester Street, London EC2N 2DB.