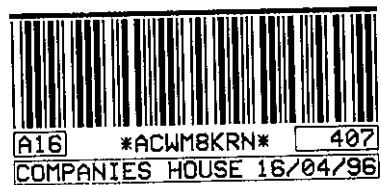


727694

BANKERS TRUST INVESTMENTS PLC

REPORT AND ACCOUNTS

DECEMBER 31,1995



BANKERS TRUST INVESTMENTS PLC

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BANKERS TRUST INVESTMENTS PLC

REPORTS AND ACCOUNTS DECEMBER 31, 1995

Directors

P R Burke
B R Cook
J S Cross
C E Owen
W G Ronai

Company Secretary

C F Backhouse

Registered Office

1 Appold Street
Broadgate
London EC2A 2HE

Auditors

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

Company Registered Number: 727694

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended December 31, 1995.

Results and Dividends

The profit after taxation amounted to \$1 m (1994 - \$18m). No dividends were declared or paid during the year. The directors do not recommend the payment of any dividend in respect of 1995 (1994 - Nil).

Principal Activity and Future Developments

In 1994, the Company carried on an international merchant banking business until March 31, 1994, after which it relinquished its banking licence and has since continued with its mergers and acquisitions business.

Directors and their Interests

The directors of the Company during the year were:

P R Burke
B R Cook
J S Cross
C E Owen
W G Ronai

None of the directors had a disclosable interest in any group company at any time during the financial year.

DIRECTORS' REPORT (continued)

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

During the year, the Company has continued to promote ways of providing employees with information about the Company and encouraging them to present their suggestions and views on the Company's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees are encouraged to participate directly in the success of the business through the Company's bonus system.

Auditors

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD



C F BACKHOUSE

Secretary

Date: 27.3.1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES
in respect of the accounts

Company law requires the directors to prepare accounts 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 accounts, 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 accounts
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS

to the members of Bankers Trust Investments plc

We have audited the accounts on pages 6 to 17 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective Responsibilities of Directors and Auditors

As described on page 4 the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

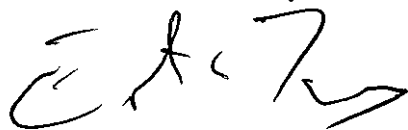
Basis of Opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at December 31, 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

Date: March 27, 1996

BANKERS TRUST INVESTMENTS PLC**PROFIT AND LOSS ACCOUNT
for the year ended December 31, 1995**

	Notes	1995 \$M	1994 \$M
Dealing profits from discontinued operations		-	254
Fees and commissions receivable from discontinued operations		-	4
Fees and commissions receivable from continuing operations		1	1
Fees and commissions payable from discontinued operations		-	(116)
Other operating income from continuing operations		1	3
Income from investments - discontinued operations	7	<u>-</u>	<u>1</u>
		2	147
Administrative expenses		-	(21)
Other operating charges		(2)	(3)
OPERATING PROFIT	4	<u>-</u>	<u>123</u>
Interest receivable		30	294
Interest payable	3	<u>(29)</u>	<u>(393)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1	24
Tax on profit on ordinary activities	8	<u>-</u>	<u>(6)</u>
		1	18
Dividend paid		<u>-</u>	<u>-</u>
PROFIT RETAINED FOR THE FINANCIAL YEAR		<u><u>1</u></u>	<u><u>18</u></u>

The notes on pages 9 to 17 form part of these accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended December 31, 1995

	1995 \$M	1994 \$M
Profit for the financial period	1	18
Revaluation of investments	<u>(6)</u>	<u>197</u>
Total recognised gains and losses relating to the year	<u><u>(5)</u></u>	<u><u>215</u></u>

The notes on pages 9 to 17 form part of these accounts.

BANKERS TRUST INVESTMENTS PLC**BALANCE SHEET****AT December, 31 1995**

	Note	1995 \$M	1994 \$M
FIXED ASSETS			
Investments	9	<u>1,929</u>	<u>1,808</u>
CURRENT ASSETS			
Debtors	10	25	65
Cash at bank and in hand		440	383
		<u>465</u>	<u>448</u>
CREDITORS:			
amounts falling due within one year	11	(8)	(99)
NET CURRENT ASSETS		<u>457</u>	<u>349</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,386	2,157
CREDITORS: amounts falling due after more than one year	12	(559)	(451)
		<u>1,827</u>	<u>1,706</u>
CAPITAL AND RESERVES			
Called-up share capital	14	331	318
Profit and loss account	15	1,168	1,167
Share premium	15	137	24
Other reserves	15	191	197
		<u>1,827</u>	<u>1,706</u>

Approved by the board of directors on March 27, 1996

W G Ronai)

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P R Burke)

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Directors

The notes on pages 9 to 17 form part of these accounts.

**NOTES TO THE ACCOUNTS
at December 31, 1995**

1 Accounting Policies

Basis for Preparation

These accounts have been prepared under the historical cost convention except for subsidiary undertakings which are revalued to reflect current net asset value.

Format of Accounts

Group accounts have not been prepared by virtue of section 228 of the Companies Act 1985 (as amended by the Companies Act 1989), whereby a company is exempt from the preparation of group accounts if it is a wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of a member state of the European Community.

Trading Positions

It should be noted that no positions were held from April 1, 1994 when the company discontinued its trading operations.

- (a) Trading positions are accounted for on a trade date basis.
- (b) Debt securities, equity shares and commodities held for trading purposes are stated at quoted market prices or, where no direct quote is available, at the directors' estimate of current market value.
- (c) The Company entered into a wide range of derivatives contracts, including forwards and futures contracts, swaps, options and other contracts for difference. Positions were carried at market value in the balance sheet and the resulting profits or losses were included in the profit and loss account. Market value was generally based on quoted market prices or broker or dealer price quotations. For over-the-counter derivatives, market value was determined based on valuation pricing models, which take into account relevant current market inputs for interest rates, currency, equities and commodities as well as the time values, liquidity and volatility factors underlying the positions.
- (d) The company entered into arrangements which involved the sale of securities with agreements to repurchase and the purchase of securities with resale agreements. Repurchase agreements were recorded as deposits and the related securities, where owned by the company, were included in debt securities and equity shares at market price or as investments at cost as appropriate. Resale agreements were recorded as loans and advances and the related securities are excluded from inventory.
- (e) The company's stock lending and borrowing activities were reflected in "Loans and advances to Banks" and "Loans and advances to customers" only to the extent that collateral given or received was in the form of cash.

NOTES TO THE ACCOUNTS
at December 31, 1995 (continued)

Deferred Taxation

Deferred taxation is provided under the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that the tax will be payable.

Investments

Investments in subsidiaries are stated at cost, adjusted to recognise post-acquisition profits or losses and fluctuations in rates of exchange. The impact of such profits, losses or exchange fluctuations are recognised in other reserves.

Investments in non-subsidiaries are accounted for at cost.

Valuation of Securities

Investment securities are recorded in the balance sheet at cost less amounts provided for permanent diminution in value.

Accounting for Merger and Acquisition Business

Merger and acquisition business is billed according to the customer's mandate agreement.

Foreign Currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies 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.

2 Business Segments

Operating income and profit before tax are wholly attributable to the business of international merchant banking for the period January 1, 1993 to March 31, 1994 and to corporate finance business from April 1, 1994. A geographical analysis of the constituents of operating income or of profit before tax, net assets and total assets is not provided as in the opinion of the directors the only significant location where transactions are recorded is Great Britain.

3 Interest Payable

Interest payable includes \$ 23 m (1994 - \$17m) in respect of interest due on the subordinated liabilities.

BANKERS TRUST INVESTMENTS PLC

NOTES TO THE ACCOUNTS at December 31, 1995 (continued)

4 Operating Profit

Operating profit is stated after charging:

	1995 \$000	1994 \$000
Auditors' remuneration		
- audit services	-	6
- non-audit services	-	2
	<u>-</u>	<u>8</u>

The remuneration of the auditors for 1995 is borne by a subsidiary undertaking.

5 Directors' Emoluments

The following amounts represent only the proportion of each director's total remuneration from the group which relates to his services in the management of the Company. All directors are employed by and provide significant services to other companies within the group. The 1995 charge is borne by a subsidiary undertaking.

	1995 \$000	1994 \$000
Emoluments other than fees	43	547
Pension contributions	4	40
	<u>47</u>	<u>587</u>

The emoluments, excluding pension contributions, of the highest paid director, were \$10,229 (1994 - \$121,122). The emoluments, excluding pension contributions, of all the directors fall within the following ranges:

	1995 No.	1994 No.
£0,000 - £5,000	3	8
£5,001 - £10,000	2	2
£10,001 - £30,000	-	2
£30,001 - £60,000	-	2
£60,001 - £65,000	-	1
£65,001 - £70,000	-	1
£70,001 - £75,000	-	1
£75,001 - £80,000	-	1
	<u>5</u>	<u>16</u>

BANKERS TRUST INVESTMENTS PLC

NOTES TO THE ACCOUNTS
at December 31, 1995 (continued)**6 Staff Costs**

	1995 \$M	1994 \$M
Staff costs:		
- wages and salaries	-	15
- social security costs	-	1
- other pension costs	<u>-</u>	<u>-</u>
	-	16
Other administrative expenses	<u>-</u>	<u>5</u>
	<u>-</u>	<u>21</u>

Staff costs suffered in 1995 are borne by a subsidiary undertaking.

The average weekly number of employees during the year was as follows:

	1995 No.	1994 No.
	<u>-</u>	<u>17</u>

There were no full time employees during 1995.

7 Income from Investments

	1995 \$M	1994 \$M
Listed	-	1
Unlisted	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1</u>

BANKERS TRUST INVESTMENTS PLC

NOTES TO THE ACCOUNTS at December 31, 1995 (continued)

8 Taxation

	1995 \$M	1994 \$M
Based on profit for the year:		
- Current taxation	-	(1)
- Deferred taxation	-	(2)
- Overseas withholding tax suffered	-	(4)
- Foreign tax credits	-	1
	<u>-</u>	<u>(6)</u>

No provision has been made for corporation tax due to tax losses in other group companies which are available for group relief. In 1994 current taxation has been provided at 33% less advance corporation tax surrendered and to be surrendered by group companies for nil consideration.

No full potential deferred taxation is shown in respect of the investments in subsidiaries because it is considered that the base cost of the subsidiaries for capital gains purposes exceeds the value at which they are stated in the balance sheet.

9 Investments

	1995 \$M	
Cost:		
As at January 1, 1995	1,808	
Additions	127	
Adjustment due to changes in net asset value for investments in subsidiaries	(6)	
As at December 31, 1995	<u>1,929</u>	
	1995 \$M	1994 \$M
Listed investments		
- Listed on the London Stock Exchange	-	-
- Listed on other Exchanges	13	12
	<u>13</u>	<u>12</u>
Unlisted	1,916	1,796
	<u>1,929</u>	<u>1,808</u>

The company held 4.1% of shares in Comcast UK Cable Partnership Ltd which had a market value of \$21m.

BANKERS TRUST INVESTMENTS PLC

NOTES TO THE ACCOUNTS at December 31, 1995 (continued)

9 Investments (continued)

The names of the principal subsidiaries of the Company, their country of incorporation, principal activity and the percentage of the ordinary share capital owned are as follows:

Directly Held

BT Gilts Limited	England & Wales	Gilt-edged market-maker	100%
Bankers Trust International PLC	England & Wales	Investment bank	100%
BT Holdings (Europe) Limited & Cie	France	Holding company	99%
Rodo Nominees Limited	England & Wales	Nominee company	100%

Indirectly Held

Bankers Trust (France) S.A.	France	Banking	100%
Bankers Trust Finance et Marchés, S.A.	France	Banking	100%
Bankers Trust Futures (Europe) GIE	France	Banking	100%

BANKERS TRUST INVESTMENTS PLC

NOTES TO THE ACCOUNTS
at December 31, 1995 (continued)**10 Debtors**

	1995	1994
	\$M	\$M
Trade debtors	1	-
Foreign tax credits	6	6
Prepayments and accrued income	2	-
Tax receivable - deducted at source	4	4
Due from group companies	9	8
Amount receivable under swap contracts	3	10
Market value of options purchased	-	37
	<u>25</u>	<u>65</u>

11 Creditors (amounts falling due within one year)

	1995	1994
	\$M	\$M
Corporation tax payable	4	4
Due to group companies	2	48
Amounts payable under swap contracts	2	10
Market value of options sold	-	37
	<u>8</u>	<u>99</u>

12 Creditors : (amounts falling due after more than one year)

	1995	1994
	\$M	\$M
Due to group companies	263	154
Subordinated loans (Note 13)	296	297
	<u>559</u>	<u>451</u>

NOTES TO THE ACCOUNTS
at December 31, 1995 (continued)

The following loan capital is unsecured and is subordinated to the rights of ordinary creditors including depositors. Repayment of these subordinated liabilities is due as follows:

	1995	1994
	\$M	\$M
£47m Payable on December 27, 2000	73	74
£15m Payable on June 28, 2001	23	23
\$100m Payable on June 25, 2002	100	100
\$100m Perpetual loan notes	100	100
	<u>296</u>	<u>297</u>

		Authorised	
		1995	1994
		No '000	No '000
Ordinary shares of £1 each	77	50	50
Ordinary Shares of \$1 each	400,000	400,000	400,000
	400,077	400,050	400,050
		Allotted called up and fully paid	
		1995	1994
		No '000	No '000
Ordinary shares of £1 each	77	50	50
Ordinary Shares of \$1 each	330,956	330,956	317,917
	331,033	331,006	317,967

16