

**B.T.I. INVESTMENTS**  
**REPORT AND FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

**Company Registration Number : 928440**



## **B.T.I. INVESTMENTS**

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## **B.T.I. INVESTMENTS**

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### **DIRECTORS AND ADVISORS**

#### **Directors**

D M Brush  
A W Dixon  
M A Dunlaevy  
A M Graham  
B Jefferies  
T M Quane  
M R Shraga

#### **Company Secretary**

I A Pellow FCIS

#### **Registered Office**

1 Appold Street  
Broadgate  
London  
EC2A 2HE

#### **Auditors**

KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

**Company Registered Number: 928440**

## **B.T.I. INVESTMENTS**

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### **DIRECTORS' REPORT**

The directors submit their report and financial statements for the year ended December 31, 1998.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £7,019,909 (1997 - £24,301,173). No dividends were declared or paid during the year (1997 - £Nil). The directors do not recommend the payment of any dividends in respect of the year (1997 - £Nil).

#### **Principal activity and future developments**

The Company acts as an investment company. The directors do not anticipate any significant changes in the nature of this activity in the future.

On November 30, 1998 Deutsche Bank AG and Bankers Trust Corporation ("BTCorp") 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.

#### **Fixed asset investments**

During the year, the Company made further investments in Charterhouse Capital Partners and Hambros European Ventures pro rata with the other shareholders. The company also transferred its investment in Quexco Limited during the year to a group undertaking.

#### **Directors and their interests**

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

D M Brush	(appointed May 19, 1999)
M H Collins	(resigned March 10, 1999)
A W Dixon	(appointed May 19, 1999)
M A Dunlaevy	
D R Evans	(resigned July 15, 1999)
A M Graham	
B Jefferies	
T M Quane	(appointed October 14, 1998)
M R Shraga	

The Company has received no notification that any of the directors has at any time during the year held any disclosable interest in any shares or debentures of the Company or any other group company.

## **B.T.I. INVESTMENTS**

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### **DIRECTORS' REPORT (continued)**

#### **Year 2000 readiness disclosure**

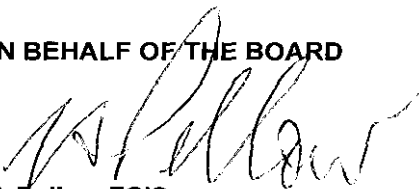
BTCorp maintains a firm-wide program to prepare its computer systems, applications and infrastructure, including those of or used by B.T.I. Investments, for properly processing dates after December 31, 1999. This program has been proceeding in accordance with US regulatory guidelines and work will continue through 1999 and 2000. BTCorp does not expect a material loss as a result of the Year 2000 issue; however there can be no guarantee that the systems of third parties on which BTCorp relies will be remediated on a timely basis and would not have a material effect on BTCorp.

B.T.I. Investments 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.

#### **Auditors**

The Company has elected to dispense with the obligation to appoint Auditors annually, and KPMG Audit Plc will be deemed to be reappointed.

#### **ON BEHALF OF THE BOARD**



**J A Fellow FCIS**  
**Company Secretary**

## **B.T.I. INVESTMENTS**

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### **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.

## **B.T.I. INVESTMENTS**

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### **REPORT OF THE AUDITORS to the Members of B.T.I. Investments**

We have audited the financial statements on pages 7 to 14.

#### **Respective responsibilities of directors and auditors**

As described on page 5 the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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, 1998 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London

Date: *26 July 1999*

**B.T.I. INVESTMENTS**

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**PROFIT AND LOSS ACCOUNT**  
**for the year ended December 31, 1998**

	<b>Notes</b>	<b>1998 £</b>	<b>1997 £</b>
Gain on sale of investments		-	15,064,395
Income from investments		862,121	1,836,337
Bank interest receivable from group undertakings		6,450,786	5,270,882
Interest payable to group undertakings		(1,733)	(14,920)
Fees payable to group undertakings		(180,000)	-
Amounts written off investments		-	(284,499)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		7,131,174	21,872,195
Tax on profit on ordinary activities	4	(111,265)	2,428,978
		<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>7,019,909</u>	<u>24,301,173</u>

Profit during the period has arisen from continuing operations.

The notes on pages 10 to 14 form part of these financial statements

## B.T.I. INVESTMENTS

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### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended December 31, 1998


	1998 £	1997 £
Profit for the year	7,019,909	24,301,173
Revaluation of investments	4,015,299	(530,106)
Total recognised gains and losses relating to the year	<u>11,035,208</u> =====	<u>23,771,067</u> =====

The notes on pages 10 to 14 form part of these financial statements.

**B.T.I. INVESTMENTS****BALANCE SHEET  
at December 31, 1998**

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Investments	5	27,155,191	22,868,472
<b>CURRENT ASSETS</b>			
Debtors	6	669,952	728,124
Cash at bank and in hand	7	90,710,121	82,889,923
		<u>91,380,073</u>	<u>83,618,047</u>
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(1,153,551)</u>	<u>(140,014)</u>
<b>NET CURRENT ASSETS</b>		90,226,522	83,478,033
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>117,381,713</u> =====	<u>106,346,505</u> =====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10, 11	49,158,243	49,158,243
Share premium account	11	7,921,234	7,921,234
Revaluation reserve	11	4,210,289	194,990
Profit and loss account	11	56,091,947	49,072,038
		<u>117,381,713</u> =====	<u>106,346,505</u> =====
Shareholders' funds:			
Equity		68,229,705	57,194,497
Non-equity		49,152,008	49,152,008
<b>SHAREHOLDERS' FUNDS</b>		<u>117,381,713</u> =====	<u>106,346,505</u> =====

Approved by the Board of Directors on 26th July 1999

  
Director

The notes on pages 10 to 14 form part of these financial statements.

## **B.T.I. INVESTMENTS**

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### **NOTES TO THE FINANCIAL STATEMENTS at December 31, 1998**

#### **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 is taken to the revaluation reserve. Provision for any deficit which is deemed to be permanent is taken to the profit and loss account.

All other investments, including investments in the non-equity capital of subsidiary undertakings, are valued at cost less amounts provided for any permanent diminution in value.

##### **Format of accounts**

Group financial statements have not been prepared by virtue of section 228 of the Companies Act 1985 whereby a company is exempt from the preparation of group financial statements 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. These financial statements present information about the Company as an individual undertaking and not about its group.

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 1998, Bankers Trust Corporation ("BTCorp"), presents a cash flow statement in its Annual Report.

The Company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties which are part of the BTCorp worldwide group.

Both of the exemptions above also rely on BTCorp's consolidated financial statements being publicly available (see Note 12).

##### **Foreign currency**

Transactions in currencies other than sterling are recorded at the rate ruling at the date of the transaction. Assets and liabilities in currencies other than sterling 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 reserves.

##### **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**

The remuneration of the auditors is borne by a group undertaking.

## B.T.I. INVESTMENTS

### NOTES TO THE FINANCIAL STATEMENTS (continued) at December 31, 1998

#### 3 Directors' emoluments

No directors' emoluments were paid during the period.

4	Taxation	1998 £	1997 £
	Based on the profit for the year:		
	UK Corporation tax at 31 ½% / 33%	-	-
	Tax credit on UK dividend income	111,265	367,654
	Deferred taxation (see Note 9)	-	(2,796,632)
		<u>111,265</u>	<u>(2,428,978)</u>
		=====	=====

No provision has been made for corporation tax due to tax losses in other group companies which are available for group relief and will be surrendered to the Company for nil consideration.

#### 5 Investments

1997	Subsidiary Undertakings £	Other Investments £	Total £
As at January 1, 1997	1,719,695	17,997,844	19,717,539
Additions	-	25,531,720	25,531,720
Disposals/Repayments	(410,000)	(21,156,182)	(21,566,182)
Amounts written off investments	(284,499)	-	(284,499)
Revaluation	(530,106)	-	(530,106)
At December 31, 1997	<u>495,090</u>	<u>22,373,382</u>	<u>22,868,472</u>
1998	Subsidiary Undertakings £	Other Investments £	Total \$'000
As at January 1, 1998	495,090	22,373,382	22,868,472
Additions	-	5,775,564	5,775,564
Disposals/Repayments	-	(5,504,144)	(5,504,144)
Revaluation	4,015,299	-	4,015,299
At December 31, 1998	<u>4,510,389</u>	<u>22,644,802</u>	<u>27,155,191</u>

During the year, the Company increased its investments in Charterhouse Capital Partners and Hambros European Ventures pro rata with the other shareholders. The Company also transferred its investment in Quexco Limited to a group undertaking.

The total historic cost of investments in subsidiaries at December 31, 1998 was £575,202 (1997 - £575,202).

**B.T.I. INVESTMENTS****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**at December 31, 1998****5 Investments (continued)**

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

<b>Name of company</b>	<b>Country of registration and operation</b>	<b>Proportion of voting rights and shares held</b>	<b>Nature of business</b>
Britannia Ltd	England and Wales	100% of ordinary shares of 1p and deferred shares of £1	Holding Company
Giftbeat Ltd	England and Wales	100% of ordinary shares of £1	Investment Company
Metis Properties Ltd	England and Wales	100% of ordinary shares of £1	Property Investment Company
Novoquote Ltd	England and Wales	100% of ordinary shares of £1	Property Investment Company

The directors are of the opinion that the value of the investments is not less than the amount at which they are stated in the financial statements.

<b>6 Debtors</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Accrued interest receivable from group undertaking	668,465	368,377
Loan to group undertaking	-	358,260
Corporation tax recoverable	1,487	1,487
	<u>669,952</u>	<u>728,124</u>
	=====	=====
<b>7 Cash at bank and in hand</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Cash held with group undertakings	90,710,121	82,889,923
	<u>90,710,121</u>	<u>82,889,923</u>
	=====	=====
<b>8 Creditors: amounts falling due within one year</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Overdraft with group undertakings	288,529	105,418
Amounts payable to group undertakings	864,958	34,533
Other creditors	64	63
	<u>1,153,551</u>	<u>140,014</u>
	=====	=====

## B.T.I. INVESTMENTS

### NOTES TO THE FINANCIAL STATEMENTS (continued) at December 31, 1998

#### 9 Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

	1998 £	1997 £
At January 1	-	2,769,632
Charge for the year	-	(2,769,632)
At December 31	-	-
	=====	=====

10 Called up share capital	1998 No	1998 £	1997 No	1997 £
Authorised:				
Ordinary 'A' class shares of £1 each	10,000	10,000	10,000	10,000
Ordinary 'B' class shares of £1 each	49,990,000	49,990,000	49,990,000	49,990,000
	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
	=====	=====	=====	=====
Allotted, called up and fully paid:				
Ordinary 'A' class shares of £1 each	6,235	6,235	6,235	6,235
Ordinary 'B' class shares of £1 each	49,152,008	49,152,008	49,152,008	49,152,008
	<u>49,158,243</u>	<u>49,158,243</u>	<u>49,158,243</u>	<u>49,158,243</u>
	=====	=====	=====	=====

The 'A' class shares have voting rights, pay a dividend at the discretion of the directors, are not redeemable and are subordinated in priority to the 'B' class shares in a winding up. The 'B' class shares are non-voting and the rights of the shares to receive payments out of the assets available for distribution is limited to the aggregate of the nominal value of such 'B' class shares and the premium (if any) paid. The 'B' class shares have no other right in the assets of the company.

## B.T.I. INVESTMENTS

### NOTES TO THE FINANCIAL STATEMENTS (continued) at December 31, 1998

#### 11 Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At January 1, 1997	49,158,243	7,921,234	725,096	24,770,865	82,575,438
Profit for the year	-	-	-	24,301,173	24,301,173
Revaluation of investments	-	-	(530,106)	-	(530,106)
At January 1, 1998	<u>49,158,243</u>	<u>7,921,234</u>	<u>194,990</u>	<u>49,072,038</u>	<u>106,346,505</u>
Profit for the year	-	-	-	7,019,909	7,019,909
Revaluation of investments	-	-	4,015,299	-	4,015,299
At December 31, 1998	<u>49,158,243</u>	<u>7,921,234</u>	<u>4,210,289</u>	<u>56,091,947</u>	<u>117,381,713</u>

#### 12 Ultimate parent company

For 1998 the Company's ultimate parent company, and the largest group for which financial statements are prepared, is Bankers Trust Corporation ("BTCorp"), which is incorporated in the United States of America, and is listed on the New York Stock Exchange. For 1998 the Company's ultimate parent company within the EC, and 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 BTCorp is, for the purposes of the Companies Act 1985, the parent undertaking of the smallest group of undertakings for which group financial statements are drawn up.

Copies of the financial statements prepared in respect of BTCorp and Bankers Trust Holdings (U.K.) Limited may be obtained from the Company Secretary, 1 Appold Street, London EC2A 2HE.

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 Deutsche Bank AG may be obtained from the Company Secretary, Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB.