

B.T.I. INVESTMENTS
REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2000

Company Registration Number : 928440



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B.T.I. INVESTMENTS

DIRECTORS AND ADVISORS

Directors

D M Brush
A W Dixon
M A Dunlaevy
B Jefferies

Company Secretaries

A P Rutherford

Registered Office

Winchester House
1 Great Winchester Street
London
EC2N 2DB

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Company Registered Number: 928440

DIRECTORS' REPORT

The Directors submit their report and financial statements for the year ended December 31, 2000.

Results and dividends

The profit for the year, after taxation, amounted to £5,381,128 (1999 - £6,883,642). The Directors declared and paid an interim dividend on 27 December 2000 for £3,000,000 (1999 - £nil). No final dividend has been proposed.

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.

Fixed asset investments

The movements in fixed assets during the year are set out in Note 6 to the financial statements.

Directors and their interests

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

D M Brush	
A W Dixon	
M A Dunlaevy	
A M Graham	(resigned 9 March 2001)
B Jefferies	
T M Quane	(resigned 22 June 2001)
M R Shraga	(resigned 1 February 2000)

Mr A P Rutherford was appointed as a Secretary of the Company on March 7, 2000. Mr G S Clark resigned as secretary on 13 September 2000.

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.

DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each period 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 which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

Pursuant to section 379A of the Companies Act 1985 the Company has elected (a) to dispense with the holding of Annual General Meetings; (b) to dispense with the appointment of Auditors annually; and, (c) to dispense with the laying of Reports and Financial Statements before General Meetings.

KPMG Audit Plc are willing to continue in office and the Directors have agreed to their so continuing.

ON BEHALF OF THE BOARD



A P Rutherford
Company Secretary
29th October 2001

B.T.I. INVESTMENTS

AUDITOR'S REPORT to the Members of BTI Investments

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Directors' report and, as described on page 4, 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 of 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 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 the Company's affairs as at December 31, 2000 and of its profit 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
8 Salisbury Square
London EC4Y 8BB

31 October 2001

B.T.I. INVESTMENTS**PROFIT AND LOSS ACCOUNT**
for the year ended December 31, 2000

	Notes	2000 £	1999 £
Administration expenses		(281,250)	(72,522)
Income from investments		549,436	63,842
Interest received from group undertakings		5,667,718	4,975,056
Interest receivable from subsidiary undertakings		-	2,933,562
Interest paid to parent undertaking		(37,418)	-
Interest paid to group undertakings		(337,427)	(47,025)
Management charges		-	(969,271)
Impairment losses on investments		(179,931)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,381,128	6,883,642
Tax on profit on ordinary activities	5	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,381,128	6,883,642
Dividend paid		(3,000,000)	-
PROFIT FOR THE FINANCIAL YEAR		2,381,128 =====	6,883,642 =====

Profit during the year has arisen from continuing operations.

The notes on pages 9 to 13 form part of these financial statements

B.T.I. INVESTMENTS


STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended December 31, 2000

	2000 £	1999 £
Profit for the year	2,381,128	6,883,642
Revaluation of investments	6,696,309	565,936
Total recognised gains relating to the year	<u>9,077,437</u> =====	<u>7,449,578</u> =====

The notes on pages 9 to 13 form part of these financial statements.

B.T.I. INVESTMENTS**BALANCE SHEET**
at December 31, 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Investments	6	34,165,113	31,861,967
CURRENT ASSETS			
Debtors	7	8,679,069	11,975,242
Cash at bank and in hand	8	107,157,764	88,465,366
		<u>115,836,833</u>	<u>100,440,608</u>
CREDITORS: amounts falling due within one year	9	<u>(16,093,218)</u>	<u>(7,471,284)</u>
NET CURRENT ASSETS		99,743,615	92,969,324
NET ASSETS		<u>133,908,728</u> =====	<u>124,831,291</u> =====
CAPITAL AND RESERVES			
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	11,472,534	4,776,225
Profit and loss account	11	65,356,717	62,975,589
		<u>133,908,728</u> =====	<u>124,831,291</u> =====
Shareholders' funds:			
Equity		84,756,720	75,679,283
Non-equity		49,152,008	49,152,008
SHAREHOLDERS' FUNDS		<u>133,908,728</u> =====	<u>124,831,291</u> =====



Signed by **B Jefferies**
For and on behalf of the Board of Directors
this 29th day of October 2001

The notes on pages 9 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
at December 31, 2000

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 Companies Act 1985 and 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 2000, Deutsche Bank AG, 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 Deutsche Bank AG worldwide group.

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

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or if hedged forward, at the rate of exchange under the related forward currency contract. 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.

Administration expenses

Administration expenses relate to working capital calls paid in relation to the Company's investments. Any other expenses incurred in the Company's operations have been borne by a Deutsche Bank Group Company who has made no charge.

2 Auditors' remuneration

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
at December 31, 2000

3 Directors' emoluments

2000
£

Director's emoluments 17,223

The aggregate of emoluments of the highest paid Director was £10,698. He is a member of a defined contribution pension scheme under which the accrued pension he would be entitled to from normal retirement date if he were to retire at year end would be £1,628 per annum.

2000

No. of Directors

Retirement benefits are accruing to the following number of Directors under:

Defined benefit schemes 2

4 Staff Costs

The total staff costs have been borne by a Deutsche Bank Group Company without recharge. No staff costs have therefore been included in these financial statements.

5 Taxation

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.

6 Investments

	Subsidiary Undertakings	Other Investments	Total
	£	£	£
Cost or valuation			
At beginning of year	5,076,326	27,754,912	32,831,238
Additions	-	368,971	368,971
Disposals/repayments	-	(4,582,203)	(4,582,203)
Revaluation	6,696,309	-	6,696,309
At end of year	11,772,635	23,541,680	35,314,315
Provisions			
At beginning of year	-	(969,271)	(969,271)
Impairment losses	-	(179,931)	(179,931)
At end of year	-	(1,149,202)	(1,149,202)
Net book value			
At 31 December 2000	11,772,635	22,392,478	34,165,113
At 31 December 1999	5,076,326	26,875,641	31,861,967

NOTES TO THE FINANCIAL STATEMENTS (continued)
at December 31, 2000

6 Investments (continued)

During the year, the Company increased its investments in Charterhouse Capital Partners and Hambros European Ventures pro rata with the other shareholders.

In addition, part of the second tranche of loan stock issued by First Residential Investments Limited to the Company was repaid during the year. There was also a return of funds previously advanced to Charterhouse Capital Partners.

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

Name of company	Country of registration and operation	Proportion of voting rights and shares held	Nature of business
Britannia Limited	England and Wales	100% of ordinary shares of 1p and deferred shares of £1	Holding Company
Giftbeat Limited	England and Wales	100% of ordinary shares of £1	Investment Company
Metis Properties Limited	England and Wales	100% of ordinary shares of £1	Property Investment Company
Novoquote Limited	England and Wales	100% of ordinary shares of £1	Property Investment Company
DB Residential Investments Limited	England and Wales	100% of ordinary shares of £1	Property Investment Company

7 Debtors	2000 £	1999 £
Amounts due from group undertakings	8,675,539	2,037,982
Amounts due from subsidiary undertaking	-	9,933,730
Corporation tax recoverable	3,530	3,530
	<u>8,679,069</u>	<u>11,975,242</u>
	=====	=====

Of the £8,675,539 'amounts due from group undertakings', £1,881,703 relates to a debtor due after one year.

8 Cash at bank and in hand	2000 £	1999 £
Cash held with group undertakings	107,157,764	88,465,366
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)
at December 31, 2000

9	Creditors: amounts falling due within one year	2000	1999
		£	£
	Overdraft with group undertakings	522,158	3,707,837
	Amounts due to parent undertakings	5,979,806	136,360
	Amounts due to group undertakings	34,533	34,533
	Amounts due to subsidiary undertaking	9,556,657	3,592,490
	Other creditors	64	64
		<u>16,093,218</u>	<u>7,471,284</u>
		=====	=====

10	Called up share capital	2000	2000	1999	1999
		No	£	No	£
	Authorised:				
	Ordinary shares of £1 each	10,000	10,000	10,000	10,000
	'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 shares of £1 each	6,235	6,235	6,235	6,235
'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>
	=====	=====	=====	=====

In the event of a return of capital each holder of 'B' shares shall be entitled in priority to any payment to the holders of any other class of shares, to receive out of the assets of the company available for distribution among the members an amount in respect of each 'B' share equal to the aggregate of the nominal value of such 'B' share and the premium (if any) paid on such 'B' share on issue but shall have no other right to share in such event in the assets of the company.

Except as set out above and subject to article 34 of the articles of association, which provides the Directors with the authority to pay different dividends to the holders of different classes of shares as they think fit, the rights of the Ordinary share holders and 'B' share holders are the same.

NOTES TO THE FINANCIAL STATEMENTS (continued)
at December 31, 2000

11 Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At December 31, 1999	49,158,243	7,921,234	4,776,225	62,975,589	124,831,291
Profit for the year	-	-	-	2,381,128	2,381,128
Revaluation of investments	-	-	6,696,309	-	6,696,309
At December 31, 2000	<u>49,158,243</u>	<u>7,921,234</u>	<u>11,472,534</u>	<u>65,356,717</u>	<u>133,908,728</u>

12 Ultimate parent company

Bankers Trust Holdings (U.K.) Limited 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.

Deutsche Bank AG, a company incorporated in Germany, is the ultimate parent company, the ultimate controlling entity and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up.

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