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DB OVERSEAS HOLDINGS LIMITED

Company Number: 1268118

REPORTS AND FINANCIAL STATEMENTS

31 December 2001

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REPORT OF THE DIRECTORS

For the year ended 31 December 2001

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The Directors present their annual report on the affairs of the Company together with the audited financial statements for the year ended 31 December 2001.

**ACTIVITIES AND REVIEW OF BUSINESS**

The principal activities of the Company are funding group undertakings and acting as an investment Company. The Company has continued to consolidate its position as a group funding vehicle while retaining a certain volume of lending to international companies and its portfolio of private equity investments. As a result of an undertaking from DB Investments (GB) Ltd the Company is able to continue trading as a going concern. The position at the end of the year is reflected in the audited balance sheet as set out on page 5.

**RESULTS AND DIVIDENDS**

The profit and loss account of the Company for the year ended 31 December 2001, after providing for taxation, show a loss of £16,579,000 (2000 – profit £5,958,000) resulting in a year end accumulated deficit of £96,878,000. Accordingly, the Directors do not recommend the payment of a dividend for the year ended 31 December 2001 (2000 – £nil).

**DIRECTORS**

The Directors of the Company who held office during the year and subsequent to the year ended 31 December 2001 were as follows:

|              |                           |
|--------------|---------------------------|
| G Clempson   |                           |
| D Cummins    | (appointed 31 March 2002) |
| A Greatbatch |                           |
| V E Harman   |                           |
| D G Penfold  |                           |
| D H Thomas   | (resigned 31 March 2002)  |
| P Thomason   |                           |

A W Bartlett replaced S Preston as Secretary on 5 January 2001. There were no further changes during or subsequent to the year end.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

REPORT OF THE DIRECTORS (continued)  
For the year ended 31 December 2001

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)**

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 a 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.

**DIRECTORS' INTERESTS**

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.

**AUDITORS**

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board of Directors this 31<sup>st</sup> day of October 2002.



**A Bartlett**  
*Secretary*

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

INDEPENDENT AUDITORS' REPORT TO THE  
MEMBERS OF DB OVERSEAS HOLDINGS LIMITED  
For the year ended 31 December 2001

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We have audited the financial statements on pages 4 to 13.

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

The directors are responsible for preparing the directors' report and, as described on pages 1 and 2, 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 1985. 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.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

***Basis of audit 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 the company's affairs as at 31 December 2001 and of 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  
Chartered Accountants  
Registered Auditor

8 Salisbury Square  
London EC4Y 8BB

31 October 2002

PROFIT AND LOSS ACCOUNT  
For the year ended 31 December 2001

|  | <i>Note</i> | <u>2001</u><br>£000 | <u>2000</u><br>£000 |
|--|-------------|---------------------|---------------------|
| Administrative expenses                                |             | (186)               | (178)               |
| Other operating income                                 | 2           | -                   | 19,908              |
| <hr/>  |             |                     |                     |
| OPERATING (LOSS) / PROFIT                              |             | (186)               | 19,730              |
| Profit on sale of fixed assets                         | 3           | 637                 | 8,556               |
| Income from shares in group undertakings               |             | 4,275               | 3,595               |
| Income from other fixed asset investments              | 4           | 474                 | 1,931               |
| Other interest receivable and similar income           | 5           | 13,074              | 6,181               |
| Amounts written off investments                        |             | (12,959)            | (14,645)            |
| Interest payable and similar charges                   | 6           | (32,418)            | (23,519)            |
| <hr/>  |             |                     |                     |
| (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 7           | (27,103)            | 1,829               |
| Tax credit on (loss) / profit on ordinary activities   | 10          | 10,524              | 4,129               |
| <hr/>  |             |                     |                     |
| (LOSS) / PROFIT AFTER TAX FOR THE FINANCIAL YEAR       | 18          | (16,579)            | 5,958               |
| RETAINED LOSS BROUGHT FORWARD                          |             | (80,299)            | (86,257)            |
| <hr/>  |             |                     |                     |
| RETAINED LOSS CARRIED FORWARD                          |             | (96,878)            | (80,299)            |

All the above items relate to the continuing operations of the Company.

The Notes to the Accounts set out on pages 7 to 13 form part of the financial statements.

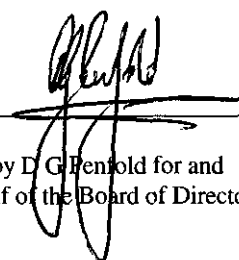
## BALANCE SHEET

As at 31 December 2001

|  | Note | 2001<br>£000 | 2000<br>£000 |
|--|------|--------------|--------------|
| <b>FIXED ASSETS</b>                          |      |              |              |
| Investments                                  | 11   | 532,586      | 518,697      |
| <b>CURRENT ASSETS</b>                        |      |              |              |
| Debtors falling due within one year          | 12   | 52,466       | 26,618       |
| Investments                                  | 13   | 16,920       | 59,355       |
| Cash   |      | 76,989       | 99,976       |
| <b>CREDITORS</b>                             |      |              |              |
| Amounts falling due within one year          | 14   | (719,416)    | (730,602)    |
| <b>NET CURRENT LIABILITIES</b>               |      |              |              |
| Due within one year                          |      | (573,041)    | (544,653)    |
| Debtors falling due after more than one year | 12   | 11,930       | 33,986       |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |      |              |              |
|  |      | (28,525)     | 8,030        |
| <b>CREDITORS</b>                             |      |              |              |
| Amounts falling due after more than one year | 15   | (18,353)     | (14,110)     |
| <b>NET LIABILITIES</b>                       |      |              |              |
|  |      | (46,878)     | (6,080)      |
| <b>CAPITAL AND RESERVES</b>                  |      |              |              |
| Called up share capital                      | 17   | 50,000       | 50,000       |
| Revaluation reserve                          | 18   | -            | 24,219       |
| Profit and loss account                      | 18   | (96,878)     | (80,299)     |
| <b>SHAREHOLDERS' FUNDS</b>                   |      |              |              |
|  |      | (46,878)     | (6,080)      |

The Notes to the Accounts set out on pages 7 to 13 form part of the financial statements.

These financial statements were approved by the Board of Directors on the 31<sup>st</sup> day of October 2002.

  
 Signed by D. G. Fenfold for and  
 on behalf of the Board of Directors

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2001

|  | <u>2001</u><br>£000 | <u>2000</u><br>£000 |
|--|---------------------|---------------------|
| (Loss) / profit attributable to shareholders                                       | (16,579)            | 5,958               |
| Unrealised loss on current assets investments                                      | (34,599)            | 34,599              |
| Reversal of taxation on prior year unrealised gain<br>on current asset investments | 10,380              | (10,380)            |
| Reversal of revaluation taken in previous years                                    | -                   | (4,128)             |
| Total recognised (loss) / profit relating to the year                              | <u>(40,798)</u>     | <u>26,049</u>       |

## NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 December 2001

|   | <u>2001</u><br>£000 | <u>2000</u><br>£000 |
|---|---------------------|---------------------|
| Reported (loss) / profit on ordinary activities before taxation | (27,103)            | 1,829               |
| Realisation of revaluation gains of previous years              | -                   | (4,128)             |
| Historical loss on ordinary activities before taxation          | <u>(27,103)</u>     | <u>(2,299)</u>      |
| Historical (loss) / profit for the year retained after taxation | <u>(16,579)</u>     | <u>1,830</u>        |

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

For the year ended 31 December 2001

|  | <u>2001</u><br>£000 | <u>2000</u><br>£000 |
|--|---------------------|---------------------|
| (Loss) / profit for the financial year                 | (16,579)            | 5,958               |
| Other recognised (losses) / gains relating to the year | <u>(24,219)</u>     | <u>20,091</u>       |
| Net (reduction) / addition in shareholders' funds      | (40,798)            | 26,049              |
| Opening shareholders' funds                            | (6,080)             | (32,129)            |
| Closing shareholders' funds                            | <u>(46,878)</u>     | <u>(6,080)</u>      |

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards. DB Investments (GB) Limited, the immediate parent undertaking, has undertaken to support the Company and ensure that it is in a position to settle its debts as and when they fall due. Accordingly, the Directors consider that it is appropriate to prepare these financial statements on a going concern basis. The particular accounting policies are described below.

**(a) Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting convention, modified to include (g) below.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

**(b) Interest income/expense**

Interest income and expense is accounted for on an accruals basis.

**(c) Commitment/participation fee income**

Commitment and participation fee income is accounted for on an accruals basis.

**(d) Foreign currencies**

Foreign currency assets and liabilities have been translated into sterling at the market rates of exchange ruling at the balance sheet date. Gains and losses on exchange are included in the profit and loss account. Foreign currency income and expense is translated into sterling at the rate ruling on the date of receipt or payment.

**(e) Deferred taxation**

Deferred taxation is provided in respect of timing differences which result from the allocation of items to different periods for taxation and accounting purposes, to the extent that it is probable that the liability or asset will crystallise.

**(f) Cash Flow Statement**

The Company is exempt from the requirement to prepare a Cash Flow Statement under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary undertaking of a company which prepares consolidated financial statements which are publicly available.

**(g) Fixed asset investments**

Fixed Asset investments are held at cost less an impairment provision where the Directors consider it to be appropriate. The holding cost in the financial statements includes all costs incurred in the acquisition of the investments.

**(h) Current asset investments**

Unlisted current asset investments are held at the lower of cost and directors' valuation. Listed current asset investments are held at fair value. Where the fair value is in excess of the original cost, the surplus is taken to revaluation reserve. Where the fair value is lower than the original cost, the deficit is taken to the profit and loss account.

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NOTES TO THE ACCOUNTS (continued)  
For the year ended 31 December 2001

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**2. OTHER OPERATING INCOME**

|                               | <u>2001</u> | <u>2000</u>   |
|-------------------------------|-------------|---------------|
|                               | <u>£000</u> | <u>£000</u>   |
| Profit on sale of investments | <u>-</u>    | <u>19,908</u> |

No current asset investments were sold during 2001.

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**3. PROFIT ON SALE OF FIXED ASSETS**

|                              | <u>2001</u> | <u>2000</u>  |
|------------------------------|-------------|--------------|
|                              | <u>£000</u> | <u>£000</u>  |
| Profit on sale of subsidiary | <u>637</u>  | <u>8,556</u> |

In 2001, the Company sold REIB International Holdings Limited and International Operator Limited to DB UK Holdings Limited for consideration of £409,000.

The Company also disposed of its investment in Deutsche Sharps Pixley Metals Incorporated for consideration of £1,208,000 against a written down book value of £980,000.

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**4. INCOME FROM OTHER FIXED ASSET INVESTMENTS**

|   | <u>2001</u> | <u>2000</u>  |
|---|-------------|--------------|
|   | <u>£000</u> | <u>£000</u>  |
| Income from loans to group undertakings | <u>474</u>  | <u>1,931</u> |

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**5. OTHER INTEREST RECEIVABLE AND FEE INCOME**

|                                    | <u>2001</u>   | <u>2000</u>  |
|------------------------------------|---------------|--------------|
|                                    | <u>£000</u>   | <u>£000</u>  |
| Receivable from group undertakings | 12,048        | 3,098        |
| Net exchange gains                 | -             | 1,251        |
| Other                              | 1,026         | 1,832        |
|                                    | <u>13,074</u> | <u>6,181</u> |

Interest receivable from group undertakings includes nostro interest credited on cash positions throughout the year.

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NOTES TO THE ACCOUNTS (continued)  
For the year ended 31 December 2001

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**6. INTEREST PAYABLE AND SIMILAR CHARGES**

All interest payable and similar charges are payable to group undertakings in respect of bank loans and overdrafts. Included in interest payable and similar charges are net exchange losses of £406,000 (2000 - £680,000).

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**7. (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

|  | <u>2001</u> | <u>2000</u> |
|--|-------------|-------------|
|  | £000        | £000        |
| (Loss) / profit on ordinary activities before taxation is stated after charging: |             |             |
| Administration fee payable to parent undertaking                                 | 186         | 178         |

Auditors' remuneration for the current year and previous year has been borne by the Ultimate Parent Company without recharge.

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**8. REMUNERATION OF DIRECTORS**

None of the Directors received any emoluments during the year (2000 - £nil).

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**9. STAFF NUMBERS AND COSTS**

There were no employees or staff costs during the year (2000 - £nil).

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**10. TAXATION**

|                                     | <u>2001</u>     | <u>2000</u>    |
|-------------------------------------|-----------------|----------------|
|                                     | £000            | £000           |
| Group relief at 30% (2000 - 30.0%)  | (10,087)        | (5,883)        |
| Adjustments relating to prior years | (437)           | 1,754          |
|                                     | <u>(10,524)</u> | <u>(4,129)</u> |

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NOTES TO THE ACCOUNTS (continued)  
For the year ended 31 December 2001

11. FIXED ASSET INVESTMENTS

|                             | Shares in group<br>undertakings<br>£000 | Loans to group<br>undertakings<br>£000 | Total<br>£000  |
|-----------------------------|---|--|----------------|
| <b>Cost</b>                 |   |  |                |
| At 1 January 2001           | 305,986                                 | 309,049                                | 615,035        |
| Additions                   | 1,243                                   | 8,295                                  | 9,538          |
| Disposals                   | (2,714)                                 | -                                      | (2,714)        |
| Exchange                    | 262                                     | 3,723                                  | 3,985          |
| At 31 December 2001         | <u>304,777</u>                          | <u>321,067</u>                         | <u>625,844</u> |
| <b>Provision</b>            |   |  |                |
| At 1 January 2001           | 27,668                                  | 68,670                                 | 96,338         |
| Charge for the year         | 2,848                                   | -                                      | 2,848          |
| Disposals                   | (1,734)                                 | -                                      | (1,734)        |
| Reversal of past provisions | -                                       | (4,194)                                | (4,194)        |
| At 31 December 2001         | <u>28,782</u>                           | <u>64,476</u>                          | <u>93,258</u>  |
| <b>Net book amount</b>      |   |  |                |
| At 31 December 2001         | <u>275,995</u>                          | <u>256,591</u>                         | <u>532,586</u> |
| At 31 December 2000         | <u>278,318</u>                          | <u>240,379</u>                         | <u>518,697</u> |
| Comprising:                 |   |  |                |
| Subsidiary undertakings     | 267,133                                 | 256,591                                | 523,724        |
| Associated undertaking      | 8,862                                   | -                                      | 8,862          |
|                             | <u>275,995</u>                          | <u>256,591</u>                         | <u>532,586</u> |

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2001

**11. FIXED ASSET INVESTMENTS (continued)**

Details of the Company's principal subsidiary undertakings and participating interests are set out below.

| Name of company                                | Country of<br>Incorporation or<br>Registration | Principal activity    | Percentage<br>of shares<br>held  |
|--|--|-----------------------|--|
| <b>Subsidiary undertakings</b>                 |  |                       |  |
| Deutsche Sharps Pixley Metals Inc              | United States                                  | Broker                | 100% (went into liquidation in May 2001)   |
| Deutsche Financial Services (U.K.) Limited     | England and Wales                              | Finance               | 100%   |
| Deutsche International Holdings (U.K.) Limited | England and Wales                              | Holding               | 100%   |
| DB International Investments Limited           | England and Wales                              | Holding               | 100%   |
| Morgan Grenfell Investments N.V. ¶             | Netherlands                                    | Holding               | 100%   |
| International Operator Limited                 | England and Wales                              | Investment Holding    | 100% (further to note 3, International Operator Limited was transferred in October 2001) |
| Deutsche Asia Pacific Holdings Pte Limited ¶   | Singapore                                      | Holding               | 100%   |
| <b>Participating Interests</b>                 |  |                       |  |
| Gordian Knot Limited                           | England and Wales                              | Investment Management | 32.95%   |
| End2End Holdings Limited                       | England and Wales                              | Telecommunications    | 31.73%   |

All shares are Ordinary Class shares with the exception of the investment in End2End Holdings Limited which are cumulative redeemable preference shares. Deutsche Asia Pacific Holdings Pte Limited also has issued preference shares of which 100% are indirectly owned by the Company.

Investments marked ¶ are held indirectly by the Company. Those subsidiary undertakings which do not materially affect the financial position of the Company have not been shown. Full details have been included in the Company's annual return in accordance with Section 231 (6) of the Companies Act 1985.

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2001

**12. DEBTORS**

|  | <u>2001</u>                    |                               | <u>2000</u>                    |                               |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|  | Due within<br>One year<br>£000 | Due after<br>one year<br>£000 | Due within<br>one year<br>£000 | Due after<br>one year<br>£000 |
| Commercial loans, advances and similar items | 17,826                         | -                             | -                              | 21,624                        |
| Amounts owed by group undertakings           | 19,623                         | 11,930                        | 26,366                         | 12,362                        |
| Group relief receivable                      | 14,469                         | -                             | -                              | -                             |
| Other debtors                                | 548                            | -                             | 252                            | -                             |
|  | <u>52,466</u>                  | <u>11,930</u>                 | <u>26,618</u>                  | <u>33,986</u>                 |

**13. CURRENT ASSET INVESTMENTS**

|                       | <u>2001</u><br>£000 | <u>2000</u><br>£000 |
|-----------------------|---------------------|---------------------|
| At 1 January          | 59,355              | 45,510              |
| Additions             | 6,167               | 6,805               |
| Disposals             | -                   | (10,441)            |
| Provisions            | (14,305)            | (18,088)            |
| Exchange gain         | 302                 | 970                 |
| Revaluation (note 18) | (34,599)            | 34,599              |
| At 31 December        | <u>16,920</u>       | <u>59,355</u>       |

Subsequent to the year end, the market values of the current asset investments have decreased.  
As at 31 December 2001, the current asset investments had a market value of £16,919,000.

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|  | <u>2001</u><br>£000 | <u>2000</u><br>£000 |
|--|---------------------|---------------------|
| Amounts owed to parent undertakings and fellow subsidiary undertakings | 719,416             | 725,044             |
| Group relief payable   | -                   | 4,702               |
| Other creditors  | -                   | 856                 |
|  | <u>719,416</u>      | <u>730,602</u>      |

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|   | <u>2001</u><br>£000 | <u>2000</u><br>£000 |
|---|---------------------|---------------------|
| Amounts owed to parent and fellow subsidiary undertakings all repayable within five years | 18,353              | 14,110              |

NOTES TO THE ACCOUNTS (continued)  
For the year ended 31 December 2001

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**16. PROVISION FOR LIABILITIES AND CHARGES**

|                     | <u>2001</u><br>£000 | <u>2000</u><br>£000 |
|---------------------|---------------------|---------------------|
| At 1 January 2001   | -                   | 1,718               |
| Written back        | -                   | (1,718)             |
| At 31 December 2001 | <u>-</u>            | <u>-</u>            |

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**17. CALLED UP SHARE CAPITAL**

|  | <u>2001</u><br>£000 | <u>2000</u><br>£000 |
|--|---------------------|---------------------|
| Authorised, issued and fully paid<br>50,000,000 ordinary shares of £1 each | <u>50,000</u>       | <u>50,000</u>       |

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**18. RESERVES**

|  | Revaluation<br>Reserve<br>£000 | Profit and<br>Loss account<br>£000 | Total<br>£000   |
|--|--------------------------------|------------------------------------|-----------------|
| At 1 January 2001  | 24,219                         | (80,299)                           | (56,080)        |
| Retained loss for the year   | -                              | (16,579)                           | (16,579)        |
| Decrease in the value of investments   | (34,599)                       | -                                  | (34,599)        |
| Reversal of taxation on prior year unrealised<br>Gain on current asset investments | 10,380                         | -                                  | 10,380          |
| At 31 December 2001  | <u>-</u>                       | <u>(96,878)</u>                    | <u>(96,878)</u> |

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**19. ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS**

DB Investments (GB) Limited, a company registered in England and Wales, is the Company's immediate controlling entity.

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 Group financial statements of this company are available to the public and may be obtained from Winchester House, 1 Great Winchester Street, London E2CN 2DB. No other group accounts include the results of the Company.

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**20. RELATED PARTY TRANSACTIONS**

As permitted by paragraph 3(c) of Financial Reporting Standard 8, no disclosure is made of transactions with members or associates of the Deutsche Bank AG group.

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