

MSDW FIXED INCOME LIMITED

Report and Financial Statements

30 November 1999

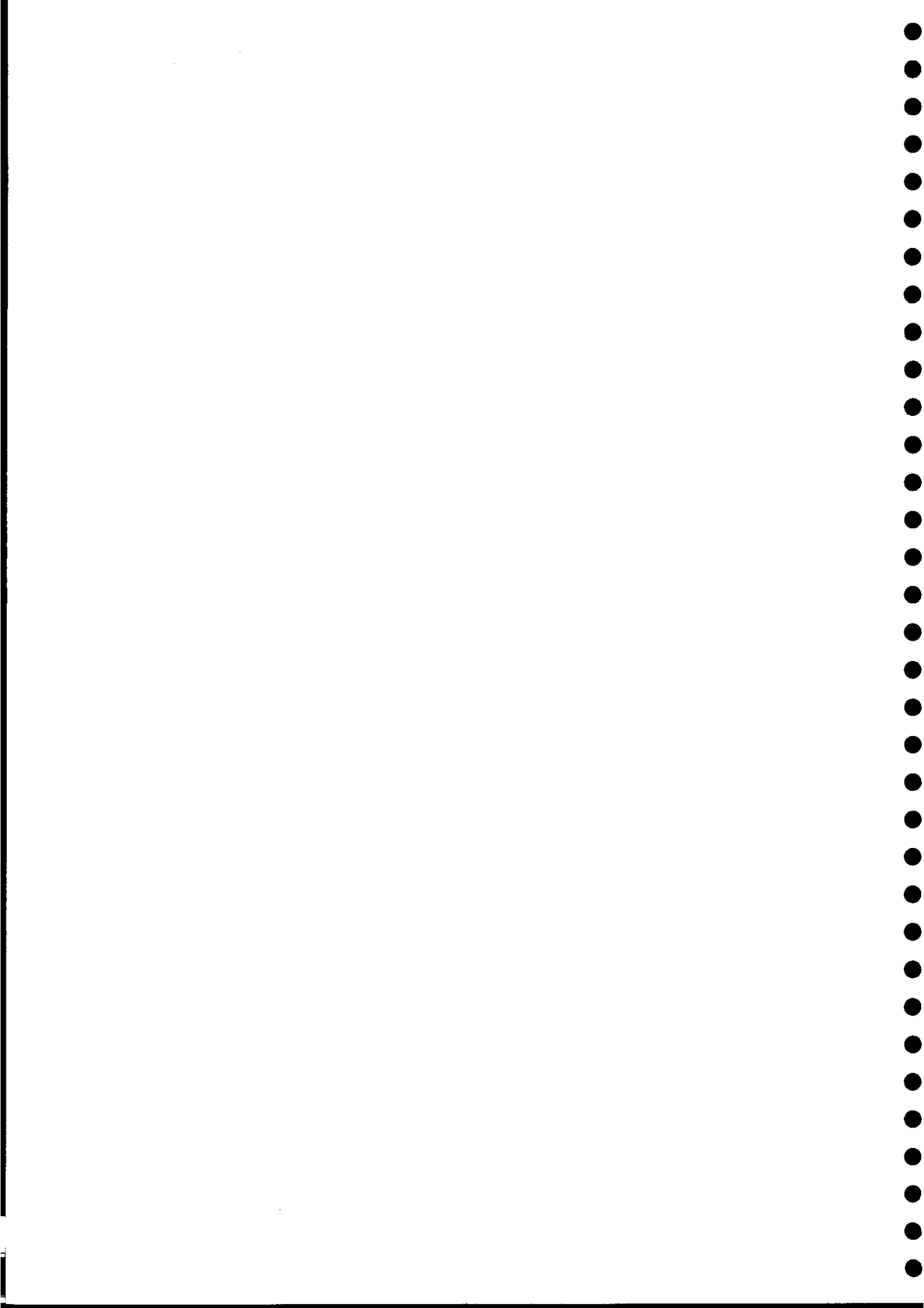


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**Deloitte & Touche
Chartered Accountants
P.O. Box 403
Lord Coutanche House
66-68 Esplanade
St Helier
Jersey JE4 8WA**

**REPORT AND FINANCIAL STATEMENTS
30 NOVEMBER 1999**

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

E J Ocampo
M Slingo

SECRETARY

Mourant & Co. Secretaries Limited
P.O. Box 87
22 Grenville Street
St. Helier
Jersey JE4 8PX

REGISTERED OFFICE

P.O. Box 87
22 Grenville Street
St. Helier
Jersey JE4 8PX

AUDITORS

Deloitte & Touche
Chartered Accountants
P.O. Box 403
Lord Coutanche House
66-68 Esplanade
St Helier
Jersey JE4 8WA

DIRECTORS' REPORT

The Directors present their first annual report and audited financial statements for the period from incorporation on 6 August 1999 to 30 November 1999.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

MSDW Fixed Income Limited (the "Company") was incorporated on 6 August 1999. The principal activity of the Company is that of an intermediate holding company. The Company made neither a profit nor a loss and the financial position at the end of the period was satisfactory.

DIRECTORS

The following Directors held office during the period:

E J Ocampo (appointed 6 August 1999)

S Corsi (appointed 6 August 1999, resigned 23 September 1999)

J C S Chevenix-Trench (appointed 6 August 1999, resigned 23 September 1999)

M Slingo (appointed 23 September 1999)

DIRECTORS' INTERESTS

The Directors had no disclosable interests in the share or loan capital of any Morgan Stanley Dean Witter & Co. ("MSDW") UK group company at the beginning or end of the period.

AUDITORS

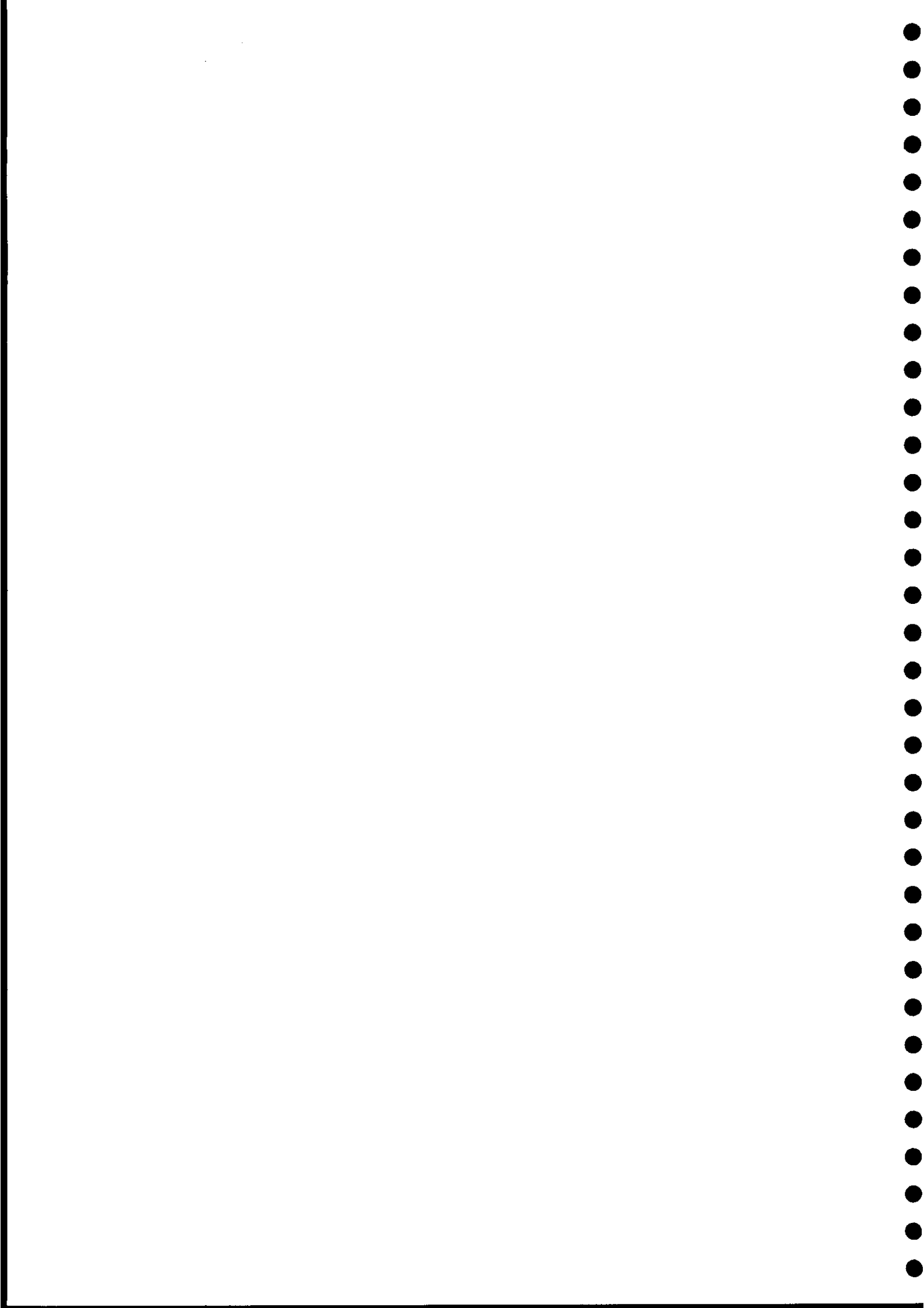
Deloitte & Touche were appointed as auditors on 17 September 1999. The directors have obtained a waiver to dispense with Annual General Meetings of the members of the Company. As such, under Jersey Law, Deloitte & Touche will remain in office until formally removed.

By order of the Board



Director **27 SEP 2000**

E. J. Ocampo

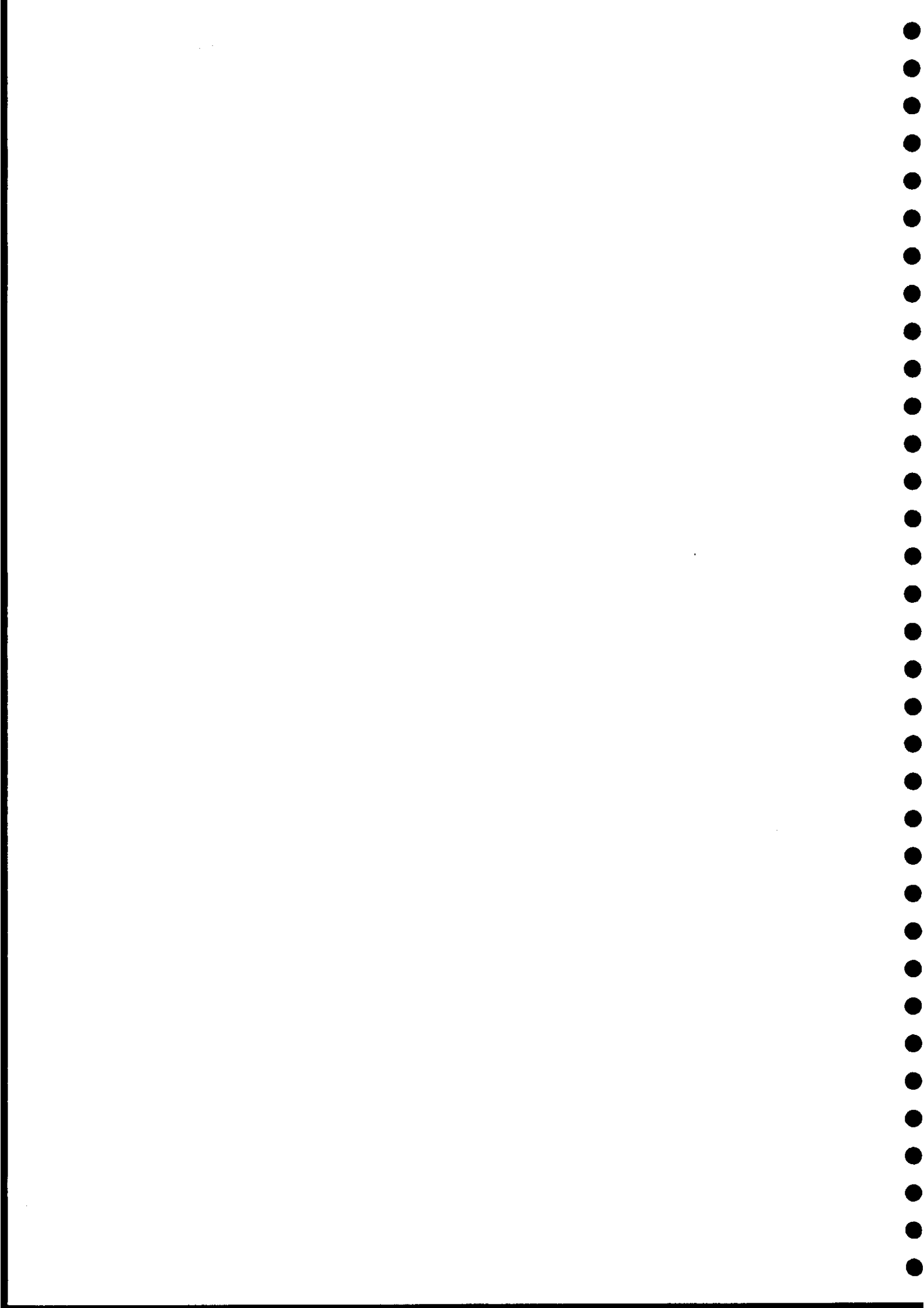


STATEMENT OF DIRECTORS' RESPONSIBILITIES

Jersey Company Law requires the Directors to prepare financial statements for each financial 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:

- apply generally accepted accounting principles;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a 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 Companies (Jersey) Law 1991. 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' REPORT TO THE MEMBERS OF
MSDW FIXED INCOME LIMITED**

We have audited the financial statements on pages 5 to 8 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of Directors and auditors

As described on page 3 the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable Jersey law and United Kingdom accounting standards. 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 United Kingdom 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.

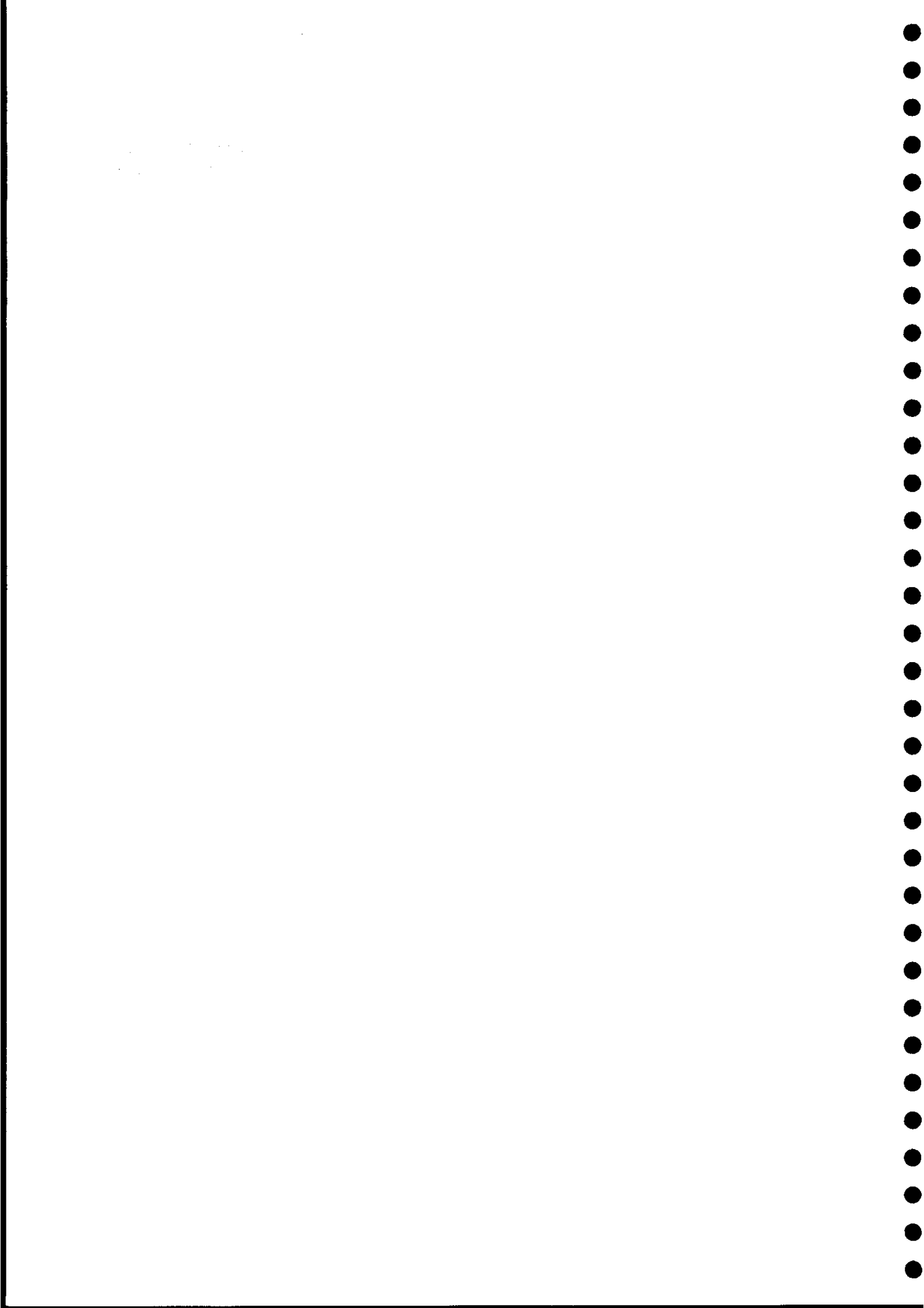
Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 30 November 1999 and of its result for the period then ended and have been properly prepared in accordance with Jersey Company Law.

Deloitte & Touche

Chartered Accountants

10 October 2000



PROFIT AND LOSS ACCOUNT

Period ended 30 November 1999

As noted in the Director's report, the Company made neither a profit nor a loss during the period. Accordingly, no Profit and Loss account has been prepared.

No statement of total recognised gain or losses has been prepared as no gains or losses have arisen.


A reconciliation of the movement in shareholders' funds has been included as Note 6 to these financial statements.

BALANCE SHEET
30 November 1999

	Note	1999 \$
FIXED ASSETS		
Investments	2	32
CURRENT ASSETS		
Debtors	3	16
		<u>16</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	4	(32)
NET CURRENT LIABILITIES		<u>(16)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16</u>
CAPITAL AND RESERVES		
Called up share capital	5	16
EQUITY SHAREHOLDERS' FUNDS	6	<u>16</u>

These financial statements were approved by the Board of Directors on **27 SEP 2000**

Signed on behalf of the Board of Directors



Director

E. J. Ocampo

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 November 1999

1. ACCOUNTING POLICIES

Accounting convention

These financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Fixed asset investments

Fixed asset investments are stated at cost and are translated into US dollars at rates ruling at the original acquisition date.

Preparation of financial statements in US dollars

It is considered that a fairer reflection of the Company's activities is given by presenting the financial statements in US dollars, the functional currency of its ultimate holding company, since the US dollar is the main currency of the Company's primary economic environment.

Foreign currencies

All monetary assets and liabilities denominated in currencies other than US dollars are translated into US dollars at the rates ruling at the balance sheet date. Transactions in currencies other than US dollars are recorded at the rates ruling at the dates of the transactions. Translation differences are dealt with through the profit and loss account.

Cash flow statement

The Company's ultimate parent undertaking produces a cash flow statement. Accordingly, the Company, which is a wholly owned subsidiary, has elected to utilise the exemption provided in Financial Reporting Standard (FRS) 1 (Revised 1996) and not produce a cash flow statement.

2. FIXED ASSET INVESTMENTS

	1999 \$
Shares in group undertakings	32

Details of investments in which the Company holds more than 10% of the nominal value of any class of share capital are as follows:

Name	Country of Registration	Holding	Proportion held	Nature of Business
Narib Limited	Jersey	Ordinary shares	100%	Financial services
Willow Capital Limited	Jersey	Ordinary shares	100%	Financial services

3. DEBTORS

	1999 \$
Amounts owed by a group undertaking	16

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 November 1999

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 \$
Amounts owed to group undertakings	32

5. CALLED UP SHARE CAPITAL

	1999
Authorised:	
10,000 ordinary shares of £1 each	£10,000
Allotted and unpaid:	
10 ordinary shares of £1 each	\$16

The allotted shares have been translated at the historical foreign exchange rate. The share capital was issued on 6 August 1999.

6. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital \$	Profit and loss account \$	Total \$
At 6 August 1999	16	-	16
Result for the period	-	-	-
At 30 November 1999	16	-	16

7. RELATED PARTY TRANSACTIONS

Under paragraph 3(c) of FRS 8, Related Party Transactions, the Company is exempt from the requirement to disclose transactions with fellow group companies. There were no other related party transactions requiring disclosure.

8. PARENT UNDERTAKING

The ultimate parent company and controlling entity is Morgan Stanley Dean Witter & Co., which is incorporated in the United States of America. Copies of its financial statements can be obtained from 25 Cabot Square, Canary Wharf, London E14 4QA.

The parent undertaking of the smallest group of companies for which group financial statements are drawn up, and of which the Company is a member, is Morgan Stanley Dean Witter (Europe) Limited, which is registered in England and Wales. Copies of its financial statements are available from the Registrar of Companies for England and Wales, Companies House, 3 Crown Way, Maindy, Cardiff CF4 3UZ.