

Company Number: 1691432

MKI SECURITIES INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1998



MKI SECURITIES INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 1998.

ACTIVITIES AND BUSINESS REVIEW

During the year the company has not traded, has not incurred any liabilities and, consequently, has made neither profit nor loss. No changes in the company's activities are expected in the foreseeable future. The directors do not recommend the payment of a dividend (1997: £Nil).

CHANGE OF ULTIMATE PARENT COMPANY

On 17 November 1998 the company's previous ultimate parent company, United News and Media plc (United), demerged its money and securities broking division. As a result, the ultimate parent company is now Garban plc (Garban).

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

Butler Securities Nominees Limited	-	appointed 16 March 1999
Garban Nominees Limited	-	appointed 16 March 1999
P M Barham	-	appointed 24 March 1998; resigned 16 March 1999
C H Gregson	-	resigned 24 March 1998
I C Melia	-	resigned 31 August 1998
S E W Pearce	-	appointed 31 August 1998; resigned 16 March 1999

None of the directors had any interests in the shares of the company during the year. The interests of the directors and their families in the share of the ultimate parent company are shown in Note 2 to the financial statements.

LAYING OF REPORTS AND ACCOUNTS

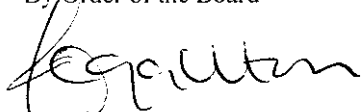
The company has passed an elective resolution dispensing with the requirement to lay reports and accounts before the company in general meeting.

Under the provisions of Section 253(2) of the Companies Act 1985 (as amended), a member has the right to require the reports and accounts to be laid before the company in general meeting. The member must deposit notice of intention to exercise such right at the registered office of the company within twenty eight days of the date of this report.

AUDITORS

The company has exercised its entitlement under Section 250 of the Companies Act 1985 (as amended) to dispense with the requirement to appoint auditors.

By Order of the Board


J Eggleton
Secretary

18 March 1999


MKI SECURITIES INTERNATIONAL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1998

	Note	31 December 1998 £	31 December 1997 £
Current assets			
Debtors: Amounts owed by parent company and fellow subsidiaries		6,001,752	6,001,752
Net Assets		<u>6,001,752</u>	<u>6,001,752</u>
Capital and reserves			
Called up share capital	3	10,000	10,000
Profit and loss account		<u>5,991,752</u>	<u>5,991,752</u>
Equity shareholders' funds		<u>6,001,752</u>	<u>6,001,752</u>

The company was dormant within the meaning of Section 250 of the Companies Act 1985 (as amended) throughout the year ended 31 December 1998.

The financial statements on pages 2 to 5 were approved by the board of directors on 18 March 1999 and were signed on its behalf by:



Butler Securities Nominees Limited
Corporate Director

MKI SECURITIES INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (Cont'd)

1. PRINCIPAL ACCOUNTING POLICY

The financial statements are prepared under the historical cost convention in accordance with applicable Accounting Standards.

2. DIRECTORS' EMOLUMENTS AND INTERESTS

(a) Directors' emoluments

No fees or other emoluments were paid to the directors during the year (1997: £Nil).

(b) Directors' interests

The interests of the directors at the year end are as follows. The current directors have no interests in the share capital of Garban.

Interest in the share capital of Garban

Ordinary shares of 50p each at the date of demerger and at year end.

<u>Name</u>	<u>Ordinary shares</u> <u>at 17.11.98</u>	<u>Ordinary shares at</u> <u>31.12.98</u>
P M Barham	<u>414</u>	<u>414</u>

The interest of P M Barham includes 82 shares held as a non-beneficial interest. S E W Pearce has no interest in the share capital of Garban.

Interests in options over Garban ordinary shares of 50p

Options over Garban shares as at 17 November 1998 arose as a result of the demerger from United whereby an option over Garban shares was awarded automatically for each United option held in the ratio of one Garban share for every ten United shares. Garban options cannot be exercised independently from the United options and have therefore been shown at a nil exercise price below.

<u>Name</u>	<u>Options over</u> <u>Garban shares</u> <u>at 17.11.98</u>	<u>Awarded</u> <u>in the</u> <u>period</u>	<u>Options over</u> <u>Garban shares</u> <u>at 31.12.98</u>	<u>Exercise</u> <u>price</u> <u>(p)</u>
S E W Pearce	154	-	154	0.00
P M Barham	<u>433</u>	-	<u>433</u>	0.00

MKI SECURITIES INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (Cont'd)

2. DIRECTORS' EMOLUMENTS AND INTERESTS (Cont)

(b) Directors' interests (cont'd)

Interests in options over United ordinary shares of 25p

<u>Name</u>	<u>Scheme</u>	<u>Options over United shares at 01.01.98†</u>	<u>Exercise price (p)</u>	<u>Options over United shares at 31.12.98</u>
S E W Pearce	SAYE*	1,541	632.70	1,541
P M Barham	SAYE*	3,135	**	3,135
	SAYE*	647	532.60	647
	SAYE*	545	632.70	545

† at date of appointment.

* Sharesave (SAYE) options granted while under United remain outstanding at 31 December 1998. The demerger was not a trigger for exercising these options. They will become exercisable six months after dissociation between Garban and United. Since it is impracticable to estimate when dissociation will occur, the figures shown are the maximum number of shares that would be awarded should the scheme run to maturity. No Sharesave options have yet been granted in Garban shares.

** These share options are exercisable at prices between 159.38p and 400p.

3. CALLED UP SHARE CAPITAL

	<u>31 December 1998 £</u>	<u>31 December 1997 £</u>
Authorised, allotted and fully paid:		
Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>

4. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing related party transactions on the grounds that the consolidated accounts of the ultimate parent undertaking are publicly available.

MKI SECURITIES INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (Cont'd)

5. ULTIMATE PARENT COMPANY

The ultimate parent company is Garban which is registered in England and Wales.

Within the meaning of the Companies Act 1985 Garban is the parent for which group accounts have been drawn up and of which the company is a member.

Copies of the group accounts of Garban are available to the public and can be obtained from:

The Company Secretary
Garban plc
8 Montague Close
London Bridge
LONDON SE1 9RD