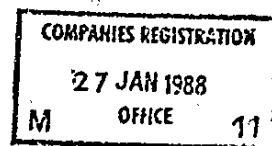


**Tuilett & Tokyo Financial Services
International Limited**

1837209

**Report and Financial Statements
December 31, 1986**



Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chartered Accountants London

TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended December 31, 1986.

Results and dividends

The trading profit for the year, after taxation, amounted to £632,290.

The directors do not recommend the payment of a final ordinary dividend.

Review of the business

The company's principal activity during the year was the broking of deals on world capital markets.

Events since the end of the year

On January 1, 1987 the business and undertaking of the company was transferred to Tullett & Tokyo Forex International Limited. During the period March through June 1987 the group acquired from minority shareholders their holdings in the company.

Directors and their interests

The directors at December 31, 1986 and their interests in the share capital of the company were as follows:

	<u>At December 31, 1986</u>	<u>At December 31, 1985 or subsequent date of appointment</u>
	<u>Ordinary shares</u>	<u>Ordinary shares</u>
K. Beaman (Chairman) (Resigned May 1, 1987)	3,000	3,000
A. Kazovic (Resigned May 1, 1987)	2,500	2,500
N. Hoare (Resigned May 1, 1987)	2,500	2,500
T. Sanders	-	-
A. Allright	-	-
M. Everett	-	-
P. Doney	-	-

Auditors

A resolution to reappoint Arthur Young as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

DAVID LOWE
Secretary

October 29, 1987



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

2.

Arthur Young

Chartered Accountants
Raffles House, 2 Raffles Building
Foster Lane, London EC4A 3NH

REPORT OF THE AUDITORS TO THE MEMBERS OF
TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

We have audited the financial statements on pages 3 to 8 in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at December 31, 1986 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

ARTHUR YOUNG

October 29, 1987

TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

3.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1986

	<u>Notes</u>	£	<u>1986</u> £	<u>16 months</u> <u>to December</u> <u>31, 1985</u> £
Turnover	2		3,043,158	1,379,655
Staff costs	4	1,117,268		526,113
Other operating charges		916,759		489,483
			(2,034,027)	(1,015,596)
Profit on ordinary activities before taxation	3		1,009,131	364,059
Tax on profit on ordinary activities	5		(376,841)	(164,000)
Profit on ordinary activities after taxation			632,290	200,059
Retained profit brought forward			200,059	-
Retained profit carried forward			£ 832,349	£ 200,059

The notes on pages 6 to 8 form part of these financial statements

TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

4.

BALANCE SHEET AT DECEMBER 31, 1986

	<u>Notes</u>	£	<u>1986</u> £	<u>1985</u> £
Current assets:				
Debtors	6	1,537,084		383,189
Cash at bank and in hand		70,402		64,070
			1,607,486	447,259
Creditors: amounts falling due within one year	7		(741,804)	(213,867)
Net current assets			865,682	233,392
Total assets less current liabilities		£ 865,682	£233,392	
Capital and reserves:				
Called up share capital	8		33,333	33,333
Profit and loss account			832,349	200,059
M. EVERETT				
T. SANDERS				
October 29, 1987				
			£ 865,682	£233,392

The notes on pages 6 to 8 form part of these financial statements

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 £	16 months to December 31, 1985 £
Source of funds:		
Profit on ordinary activities before taxation	1,009,131	364,059
Total generated from operations	1,009,131	364,059
Funds from other sources:		
Proceeds of share issue	-	33,333
	1,009,131	397,392
Application of funds:		
Tax paid	(458)	(70,266)
Working capital - increase	£1,008,673	£327,126
Components of increase in working capital:		
Debtors	1,153,895	383,189
Creditors	(151,554)	(120,133)
	1,002,341	263,056
Movement in net liquid funds:		
Cash at bank and in hand	6,332	64,070
	£1,008,673	£327,126

The notes on pages 6 to 8 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 19861. Accounting policiesAccounting convention

The financial statements are prepared under the historical cost convention.

Deferred taxation

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

2. Turnover

Turnover represents the invoiced amount of services provided (stated net of value added tax).

An analysis of turnover by geographical market is given below:

	1986	16 months to December 31, 1985
	£	£
United Kingdom	1,444,408	1,183,980
Japan	1,598,750	195,675
	-----	-----
	£3,043,158	£1,379,655
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 19863. Profit on ordinary activities before taxation

	1986	16 months to December 31, 1985
	£	£
(a) This is stated after charging:		
Directors' remuneration (see below)	301,577	216,031
Auditors' remuneration	2,100	7,000
	=====	=====
(b) Directors' remuneration		
Fees	-	-
Other emoluments (including pension contributions)	301,577	216,031
	=====	=====
	£ 301,577	£216,031
	=====	=====

The emoluments of the chairman, who was also the highest paid director excluding pension contributions, were £143,565 (1985 - £78,615). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	Number	Number
£ Nil - £ 5,000	4	4
£65,001 - £70,000	-	1
£70,001 - £75,000	-	1
£75,001 - £80,000	1	-
£80,001 - £85,000	1	-

4. Staff costs

	1986	16 months to December 31, 1985
	£	£
Wages and salaries	984,081	502,892
Social security costs	105,801	22,022
Other pension costs	27,386	1,199
	=====	=====
	£1,117,268	£526,113
	=====	=====

The average weekly number of employees during the year was 21 (1985 - period 13).

5. Tax on profit on ordinary activities

	1986	16 months to December 31, 1985
	£	£
Based on the profit for the year:		
Corporation tax at 36.25% (1985 - 42.5%)	£ 376,841	£164,000
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 19866. Debtors

	<u>1986</u> £	<u>1985</u> £
Trade debtors	910,708	321,924
Amount owed by holding company	625,379	55,015
Prepayments and accrued income	707	6,250
Amounts owed by associated company	290	-
	<u>£1,537,084</u>	<u>£383,189</u>

7. Creditors: amounts falling due within one year

	<u>1986</u> £	<u>1985</u> £
Current corporation tax	470,117	93,734
Amount owed to related company	-	69,085
Accruals	271,687	51,048
	<u>£ 741,804</u>	<u>£213,867</u>

8. Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1986</u> No.	<u>1985</u> No.	<u>1986</u>	<u>1985</u>
Ordinary shares of £1 each	35,000	35,000	£ 33,333	£ 33,333

9. Events since the end of the year

On January 1, 1987 business and undertaking of the company was transferred to Tullett & Tokyo Forex International Limited. During the period March through June 1987 the group acquired from minority shareholders their holdings in the company.

10. Ultimate holding company

The ultimate holding company is Tullett & Tokyo Forex International Limited, a company incorporated in Great Britain.

TULIANT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

Not for publication

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1986

		16 months to December 31, 1985
	£	£
Turnover: Brokerage	3,044,195	1,384,978
Less: Differences	(1,037)	(5,323)
Net brokerage	3,043,158	1,379,655
Staff costs:		
Staff salaries	984,081	502,892
Social security costs	105,801	22,022
Pension costs	27,386	1,199
	(1,117,268)	(526,113)
Other operating charges:		
Audit	2,100	7,000
Bad debt expense	79,000	-
Computer running	4,757	3,245
Courses and seminars	3,586	1,436
Entertainment - overseas	55,900	14,654
- staff domestic	25,406	22,896
- UK directors	3,971	1,913
- Restaurant	3,376	2,589
Exchange differences	(17,785)	(9,033)
General	11,759	7,153
Insurance	16,587	16,287
Legal and professional	5,784	5,221
Light and heat	4,348	3,289
Management charges - UK	96,858	55,667
- overseas	22,354	4,988
Motor running	15,010	20,185
Printing and stationery	6,662	12,380
Publicity	7,472	21,509
Relocation and accommodation	70,318	16,281
Repairs	23,753	8,953
Rent and rates	91,166	66,567
Staff introductions	22,603	46,717
Subscriptions and donations	39,318	10,026
Telephone and postage	210,244	91,216
Carried forward	804,547	431,139

TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITEDNot for publicationDETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1986
(continued)

		16 months to December 31, 1985
	£	£
Brought forward	804,547	431,139
Other operating charges:		
Travel - domestic	1,242	1,237
- overseas	96,261	38,318
Irrecoverable VAT	14,709	18,789
	-----	-----
		916,759
Profit on ordinary activities before taxation	£1,009,131	£364,059
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