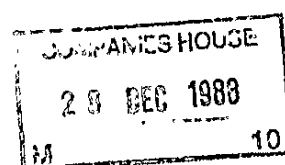


Tullett & Tokyo Financial Services International Limited

Report and Financial Statements
December 31, 1987

1837209



Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended December 31, 1987.

Results and dividends

The company did not trade during the year and the directors do not recommend the payment of a dividend.

Review of the business

The company was incorporated in September 1984 in order to trade as a broker of capital market instruments in the United Kingdom and Japan. The company ceased trading on December 31, 1986 when the business and undertaking of the company were transferred to Tullett & Tokyo Forex International Limited, the ultimate holding company.

Directors and their interests

The directors who served during the year were as follows:

T. Sanders
A. Allright
M. Everett
P. Doney
K. Beaman (Resigned May 1, 1987)
A. Kazovic (Resigned May 1, 1987)
N. Hoare (Resigned May 1, 1987)


T. Sanders, M. Everett and P. Doney are directors of the ultimate holding company and their interests in the share capital of the ultimate holding company are disclosed in that company's financial statements.

None of the directors in office at December 31, 1987 had a beneficial interest in the issued share capital of the company during the year.

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


D. L. LOWE
Secretary

November 21, 1988



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Arthur YoungMEMBER OF THE ARTHUR YOUNG
FIRM GROUP

**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, 1987 and of its result and source and application of funds for the year then ended and comply with the Companies Act 1985.

ARTHUR YOUNG

November 21, 1988

TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

3.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1987

	<u>Notes</u>	£	<u>1987</u> £	<u>1986</u> £
Turnover	2		-	3,043,158
Staff costs	4	-		1,117,268
Other operating charges		-		916,759
		---	-	(2,034,027)
Profit on ordinary activities before taxation	3		-	1,009,131
Tax on profit on ordinary activities	5		-	(376,841)
Profit on ordinary activities after taxation			-	632,290
Retained profit brought forward			832,349	200,059
Retained profit carried forward			£832,349 =====	£ 832,349 =====

The notes on pages 5 to 8 form part of these financial statements

TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

4.

BALANCE SHEET AT DECEMBER 31, 1987

	<u>Notes</u>	£	<u>1987</u> £	<u>1986</u> £
Current assets:				
Debtors	6	973,471		1,537,084
Cash at bank and in hand		—		70,402
		-----		-----
			973,471	1,607,486
Creditors: amounts falling due within one year	7		(107,789)	(741,804)
			-----	-----
Net current assets			865,682	865,682
			-----	-----
Total assets less current liabilities			£865,682	£ 865,682
			=====	=====
Capital and reserves:				
Called up share capital	8		33,333	33,333
Profit and loss account			832,349	832,349

M. EVERETT

Directors

P. DONEY

November 21, 1988

£865,682 £ 865,682
=====

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

TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

5.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1987

	<u>1987</u> £	<u>1986</u> £
Source of funds:		
Profit on ordinary activities before taxation	-	1,009,131
	-----	-----
Total generated from operations	-	1,009,131
Application of funds:		
Tax paid	(362,328)	(458)
	-----	-----
Working capital - (decrease)/increase	£(362,328)	£1,008,673
	=====	=====
Components of (decrease)/increase in working capital:		
Debtors	(563,613)	1,153,895
Creditors	271,687	(151,554)
	-----	-----
	(291,926)	1,002,341
Movement in net liquid funds:		
Cash at bank and in hand	(70,402)	6,332
	-----	-----
	£(362,328)	£1,008,673
	=====	=====

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

TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

6.

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 1987

1. Accounting policies

Accounting 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 foreseeable 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:

	<u>1987</u> £	<u>1986</u> £
United Kingdom	-	1,444,408
Japan	-	1,598,750
	---	-----
	£ -	£3,043,158
	===	=====

3. Profit on ordinary activities before taxation

	<u>1987</u> £	<u>1986</u> £
(a) This is stated after charging:		
Directors' remuneration (see below)	-	301,577
Auditors' remuneration	-	2,100
	---	-----
(b) Directors' remuneration		
Fees	-	-
Other emoluments (including pension contributions)	-	301,577
	---	-----
	£ -	£ 301,577
	===	=====

All directors are employees of the ultimate holding company. Amounts paid to the directors by the holding company in respect of services as directors of the company or in connection with the management of the company totalled £Nil (1986 - £301,577) (including pension contributions) which was charged to the company as a direct allocation of expenses.

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 1987
(continued)

3. Profit on ordinary activities before taxation
(continued)

(b) Directors' remuneration
(continued)

The emoluments of the chairman, who was also the highest paid director, excluding pension contributions, were £Nil (1986 - £143,565). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	<u>1987</u> Number	<u>1986</u> Number
£ Nil - £ 5,000	6	4
£75,001 - £80,000	-	1
£80,001 - £85,000	-	1

4. Staff costs

	<u>1987</u> £	<u>1986</u> £
Wages and salaries	-	984,081
Social security costs	-	105,801
Other pension costs	-	27,386
	-----	-----
	£ -	£1,117,268
	=====	=====

The company's operations were carried on by employees of the ultimate holding company. Staff costs represent amounts charged to the company as a direct allocation of expenses by the holding company. During the year, the average weekly number of holding company employees (including directors) identified as being directly involved in the operations of the company was Nil (1986 - 21).

5. Tax on profit on ordinary activities

	<u>1987</u>	<u>1986</u>
Based on the profit for the year:		
Corporation tax at 35% (1986 - 36.25%)	£ -	£ 376,841
	=====	=====

6. Debtors

	<u>1987</u> £	<u>1986</u> £
Trade debtors	-	910,708
Amounts owed by the holding company	973,471	625,379
Prepayments and accrued income	-	707
Amounts owed by associated company	-	290
	-----	-----
	£973,471	£1,537,084
	=====	=====

TULLETT & TOKYO FINANCIAL SERVICES INTERNATIONAL LIMITED

8.

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 1987
(continued)

7. Creditors: amounts falling due within one year

	<u>1987</u> £	<u>1986</u> £
Current corporation tax	107,789	470,117
Accruals	-	271,687
	-----	-----
	£107,789	£741,804
	=====	=====

8. Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1987</u> No.	<u>1986</u> No.	<u>1987</u>	<u>1986</u>
Ordinary shares of £1 each	35,000	35,000	£ 33,333	£ 33,333
	=====	=====	=====	=====

9. Ultimate holding company

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