

Prebon Yamane International Limited
Report & Financial Statements
31 March 2003
Registered Number: 2619854



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The directors have pleasure in submitting their report and financial statements of the Company for the year ended 31 March 2003.

Business review

The principal activity of the Company is that of a holding company in respect of certain subsidiaries of Prebon Group Limited ("PGL") engaged in the business of international money, securities and commodity broking.

Results and dividends

The profit on ordinary activities after taxation for the year was £1,204,982 (31 March 2002: profit £1,962,315). The surplus for the year of £1,204,982 (2002: surplus £1,962,315) has been transferred to reserves.

There is no dividend proposed on the ordinary shares (2002: £Nil). As required by their terms, the directors have proposed a dividend on preference shares of £582 for the year ended 31 March 2003 (2002: £1,164).

Directors' and officers' liability

The Company has taken out liability insurance as permitted by Section 310(3) of the Companies Act 1985 to cover directors and officers.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the Company has sufficient financial resources, including through bank facilities and other loan arrangements to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Directors and their interests

The directors of the Company during the year were as follows:

A M Hughes	
P M Keenan	
G R Mayhill	
Y Tanahashi	
K M Taylor	Resigned 25 April 2002
C I Cowan	Appointed 30 April 2002

No director had any interest in the issued share capital of the Company.

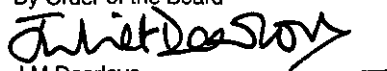
None of the directors who held office at 31 March 2003 had any interests as at that date in the shares of group companies except for Messrs A M Hughes and P M Keenan, who were directors of the ultimate parent company, FPG Holdings Limited ("FPGH") and whose direct or indirect interests are disclosed in the financial statements of that company.

Auditors

PricewaterhouseCoopers resigned on 24 February 2003, and the Company's shareholders appointed its successor, PricewaterhouseCoopers LLP, as the Company's auditors, with immediate effect.

The Company has elected pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually and PricewaterhouseCoopers have indicated their willingness to continue in office as auditors.

By Order of the Board


J M Dearlove
Secretary

12 December 2003

Registered Office:
Hill House
Heron Square
Richmond
Surrey TW9 1EP

Registered number
2619854

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PREBON YAMANE INTERNATIONAL LTD.

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of opinion

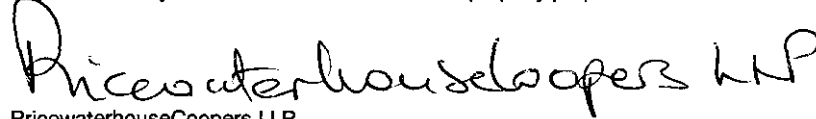
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

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 at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

(2 December 2003

Prebon Yamane International Limited

Profit and Loss Account
For the year ended 31 March 2003

	Note	31 March 2003 £	31 March 2002 £
Administrative expenses		(143,961)	(1,044,903)
Other income		174,023	148,574
Operating profit/(loss)	2	30,062	(896,329)
Income from shares in group undertakings		423,737	976,798
Income from participating interest		-	182,000
Gain on sale of fixed asset		-	3,918,521
Profit on foreign exchange		1,061,607	617,284
Interest receivable	3	14,268	18,649
Interest payable	4	(610,680)	(772,712)
Profit on ordinary activities before taxation		918,994	4,044,211
Tax on profit on ordinary activities	5	286,570	(2,080,732)
Profit on ordinary activities after taxation		1,205,564	1,963,479
Dividends payable	6	(582)	(1,164)
Retained profit for the year	13	1,204,982	1,962,315

No note of historical cost profits and losses has been presented as there is no difference between the results as shown above and on an unmodified historical cost basis.

There were no gains or losses in the financial year other than those shown above.

The results above are in respect of continuing operations.

Reconciliation of movements in shareholders' funds

	31 March 2003 £	31 March 2002 £
Profit on ordinary activities after taxation	1,205,564	1,963,479
Dividends	(582)	(1,164)
	1,204,982	1,962,315
Opening Shareholders' funds	6,999,527	5,037,212
Closing Shareholders' funds	8,204,509	6,999,527

The notes on pages 6 to 10 form an integral part of these accounts.

Prebon Yamane International Limited

Balance Sheet
As at 31 March 2003

	Note	31 March 2003 £	31 March 2002 £
Fixed assets			
Tangible assets	7	3,796	7,061
Investments	8	23,429,217	23,429,217
		<u>23,433,013</u>	<u>23,436,278</u>
Current assets			
Debtors	9	18,950,517	18,330,943
Cash at bank and in hand		113,447	10,188,006
		<u>19,063,964</u>	<u>28,518,949</u>
Creditors (amounts falling due within one year)			
Creditors	10	(15,559,698)	(24,354,700)
Loans	11	(386,805)	(794,430)
		<u>(15,946,503)</u>	<u>(25,149,130)</u>
Net current assets		3,117,461	3,369,819
Total assets less current liabilities		<u>26,550,474</u>	<u>26,806,097</u>
 Loans	11	 (18,345,965)	 (19,806,570)
Net assets		<u>8,204,509</u>	<u>6,999,527</u>
Capital and reserves			
Called up share capital	12	4,656,304	4,656,304
Profit and loss account	13	3,548,205	2,343,223
Total shareholders' funds		<u>8,204,509</u>	<u>6,999,527</u>
<i>Consisting of:</i>			
- Equity Interests		5,876,357	4,671,375
- Non Equity Interests		2,328,152	2,328,152
		<u>8,204,509</u>	<u>6,999,527</u>

Approved by the board on 12 December 2003
and signed on their behalf by



C I Cowan - Director

The notes on pages 6 to 10 form an integral part of these accounts.

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption granted under Section 228 of the Companies Act 1985 from the obligation to prepare and deliver group accounts.

Investments

The values of investments in subsidiary undertakings are shown at cost. The profit or loss on disposal of investments is dealt with through the profit and loss account and any permanent diminution of value is charged to the profit and loss account.

Fixed assets

Fixed assets are stated at cost less depreciation and are written off in equal annual installments over their estimated useful lives at the following rates:

Leasehold property improvements	10%-20%
Plant and equipment	10%-20%

Foreign currency

Transactions in foreign currencies are converted at exchange rates ruling at the transaction dates. Assets and liabilities, denominated in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling at the year end. Exchange gains and losses are taken to the profit and loss account.

Cash flow statement

As the Company is a wholly owned subsidiary undertaking of a parent company registered in England and Wales which prepares a consolidated cash flow statement, it has taken the exemption permitted by FRS 1 "Cash flow statements" and it is not required to present a cash flow statement in these accounts.

Deferred taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, calculated at rates expected to be applicable when the liability or asset crystallises on a non-discounted basis. Deferred tax assets are recognised to the extent that is considered more likely than not that sufficient taxable profits will be available to ensure recoverability.

Related parties

The Company has taken advantage of the exemption granted to wholly owned and controlled subsidiary undertakings by FRS 8, Related Party Disclosures, not to disclose related party transactions with members of the Group or associates of other group members.

2 Operating Profit/(Loss)

Operating profit/(loss) is stated after charging:

	31 March 2003 £	31 March 2002 £
Depreciation	2,832	8,238
Staff costs – wages and salaries	87,394	94,918

The Company has no employees and staff costs represent an amount recharged by a fellow group undertaking. No fees or other emoluments have been paid to directors of the Company for services during the year. The audit fee of £10,000 (2002: £10,000) is borne by the immediate parent company.

3 Interest receivable

	31 March 2003 £	31 March 2002 £
Interest receivable from group undertakings	14,268	18,649

4 Interest payable

	31 March 2003 £	31 March 2002 £
Interest on other loans repayable within five years other than by installments	610,680	772,712

5a Tax on profit on ordinary activities

	31 March 2003 £	31 March 2002 £
The tax (credit)/ charge comprises:		
United Kingdom corporation tax on profits of the period	-	1,100,298
Corporation tax, adjustments in respect of prior years	(286,570)	980,434
	<u>(286,570)</u>	<u>2,080,732</u>

Provision is only made for deferred taxation in respect of timing differences where, in the opinion of the directors, it is expected that a tax payment or credit will crystallise in the foreseeable future.

5b Factors Affecting the Tax Charge for the Period

	31 March 2003 £	31 March 2002 £
Profit on Ordinary Activities before taxation	918,994	4,044,211
Corporation tax on ordinary activities before taxation, standard Corporation tax rate 30%	275,698	1,213,263
Permanent differences	-	(20,328)
Utilisation of tax credits for dividend income/Double tax relief	(127,121)	(347,637)
Utilisation of losses brought forward	(148,577)	255,000
Adjustments in respect of prior years	(286,570)	980,434
	<u>(286,570)</u>	<u>2,080,732</u>

5c Factors that May Affect Future Tax Charges

The Company has tax losses that are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as their future recovery is uncertain. The total amount that has not been recognised is £1,131,371 (2002: £1,277,918).

6 Dividends

	31 March 2003 £	31 March 2002 £
Proposed: preference shares	<u>582</u>	<u>1,164</u>

7 Tangible assets

	Short leasehold improvements £	Plant & equipment £	Total £
Cost			
At 1 April 2002	11,254	13,083	24,337
Additions	-	204	204
Disposals	-	-	-
Exchange translation	-	(1,258)	(1,258)
At 31 March 2003	<u>11,254</u>	<u>12,029</u>	<u>23,283</u>
Accumulated depreciation			
At 1 April 2002	11,254	6,022	17,276
Charge for the year	-	2,832	2,832
Depreciation on Disposal	-	-	-
Exchange translation	-	(621)	(621)
At 31 March 2003	<u>11,254</u>	<u>8,233</u>	<u>19,487</u>
Net book value at 31 March 2003	<u>-</u>	<u>3,796</u>	<u>3,796</u>
Net book value at 31 March 2002	<u>-</u>	<u>7,061</u>	<u>7,061</u>

Notes to the Financial Statements *continued*
Year ended 31 March 2003**8 Investments**

	Subsidiary undertakings £	Other Investments £	Total £
Cost as at 1 April 2002 and 31 March 2003	22,851,983	577,234	23,429,217

A list of principal subsidiary undertakings at 31 March 2003 is given in Note 16.

In addition to the carrying amount of investments in subsidiaries, certain of the subsidiaries of the Company have other liabilities. These liabilities comprise accumulated losses which are funded by bank debt, which in turn is guaranteed by the Company (see Note 15). No provision has been made in the accounts of the Company in respect of this guarantee as the directors consider that the value of the investments in subsidiaries is at least equal to the aggregate of the Company's investment in subsidiaries and those subsidiaries' net tangible liabilities. In reaching the view that no provision is necessary, the directors consider that the guarantees would only be called on the reorganisation of the group or if it ceases to be a going concern, both of which circumstances would involve the realisation of the value of the subsidiaries.

9 Debtors

	31 March 2003 £	31 March 2002 £
Amounts due from parent undertaking	16,932,672	17,158,114
Amounts due from group undertakings	1,986,142	1,139,878
Other debtors	31,703	32,951
	<u>18,950,517</u>	<u>18,330,943</u>

10 Creditors (amounts falling due within one year)

	31 March 2003 £	31 March 2002 £
Bank overdrafts	-	40,167
Amounts due to group undertakings	14,542,775	22,262,671
Corporation tax provision	-	958,500
Dividends payable	1,746	1,164
Other creditors	1,015,177	1,092,198
	<u>15,559,698</u>	<u>24,354,700</u>

11 Loans

	31 March 2003 £	31 March 2002 £
Amounts repayable within one year by instalments	386,805	794,430
Amounts repayable within one year other than by instalments	453,496	1,325,000
Amounts repayable between one and two years by instalments	9,969,638	18,481,570
Amounts repayable more than five years by instalments	7,922,831	-
	<u>18,732,770</u>	<u>20,601,000</u>
Aggregate amounts repayable within one year	386,805	794,430
Aggregate amounts repayable after more than one year	18,345,965	19,806,570
	<u>18,732,770</u>	<u>20,601,000</u>

In November 2003 the Company formalised an agreement with Van der Moolen Holding NV (VdM) to vary the repayment terms of the \$15m 2004 Loan Note issued by Prebon Yamane International Limited to provide for an extension of the term of the note and for repayments in quarterly instalments over 3 years beginning in April 2004 and ending in April 2007.

The above loans are denominated in the following currencies:

Notes to the Financial Statements *continued*
Year ended 31 March 2003

	31 March 2003	31 March 2002
	£	£
US\$	9,489,463	10,533,708
Japanese ¥	9,243,307	10,067,292
	<u>18,732,770</u>	<u>20,601,000</u>

12 Share capital

	31 March 2003	31 March 2002
	£	£
Authorised, issued and fully paid		
2,328,152 Ordinary Shares of £1 each	2,328,152	2,328,152
2,328,152 Preferred Shares of £1 each	<u>2,328,152</u>	<u>2,328,152</u>
	<u>4,656,304</u>	<u>4,656,304</u>

The holders of the irredeemable Preferred Shares are entitled:

- (i) to receive a non-cumulative preferred dividend in a pro-rata amount equal to 0.1% of the nominal value of such shares in respect of each period of 12 months;
- (ii) upon a return of assets in a winding up to rank *pari passu* with the holders of Ordinary Shares of the Company, up to an amount equal to the amount paid up or credited as paid up on each Preferred Share; and
- (iii) to attend and vote at general meetings of the Company in like manner to the holders of Ordinary Shares.

13 Profit and loss account

	£
At 1 April 2002	2,343,223
Profit for the year	<u>1,204,982</u>
At 31 March 2003	<u>3,548,205</u>

14 Ultimate holding company and related party transactions

At 31 March 2003 and throughout the year then ended, the ultimate holding company was FPG Holdings Limited, a company registered in England and Wales.

Prebon Group Limited and its parent, FPG Holdings Limited, both consolidate the results of the Company and copies of the consolidated accounts can be obtained from the Company Secretary, Prebon Group Limited, Hill House, Heron Square, Richmond, Surrey TW9 1EP.

15 Guarantees

Shortly before the reverse acquisition of the Company and its subsidiaries by Prebon Group Limited, the bank loans of both parties were refinanced with a combination of term and revolver facilities for four and five year terms respectively. The Company entered into cross guarantees under this financing. Repayment terms have since been renegotiated. The term facility has been repaid and the revolver facility will now be repaid in monthly installments, ending in 2005. The total loans outstanding at 31 March 2003 under these facilities was £8,881,000 (2002: £14,719,000).

16 Principal subsidiary and associated undertakings at 31 March 2003

At 31 March 2003 the following principal subsidiary and associated undertakings were wholly owned (unless otherwise stated) in respect of the ordinary shares and voting rights held by the Company (*) or through a subsidiary undertaking. The main activity of the undertakings is money broking and allied activities, with the exception of those subsidiary undertakings marked '#' whose main activity is to hold investments in other subsidiary and associated undertakings.

	Country of Incorporation	% ownership and voting rights
Prebon Services Limited	(UK)	100
Prebon Marshall Yamane (UK) Limited	(UK)	100
#Prebon Administration Limited	(UK)	100
Prebon Learning Limited	(UK)	100
+Haramis Cox SA	(Greece)	30
Prebon Yamane (Luxembourg) SA	(Luxembourg)	100
Prebon Yamane (Polska) Sp.z o.o.	(Poland)	100
Prebon Yamane (Nederland) BV	(Netherlands)	100
Prebon Yamane (Sweden) Aktieborg	(Sweden)	100
Prebon Yamane (Czech Republic) SRO	(Czech Republic)	100
Prebon Training Services (South Africa) (Pty) Limited	(South Africa)	70
MW Marshall Inc	(USA)	100
#Prebon Yamane (USA) Inc	(USA)	100
Prebon Energy Inc	(USA)	100
#Prebon Financial Products Inc	(USA)	100
Prebon Securities (USA) Inc	(USA)	100
Prebon Data Services (Bermuda) Limited	(Bermuda)	100
#Prebon Yamane (Canada) Limited	(Canada)	100
Prebon Limited	(UK)	100
+Fulton Prebon (Malaysia) Sdn Bhd	(Malaysia)	25
Prebon Yamane (Hong Kong) Limited	(Hong Kong)	100
Prebon Yamane (Singapore) Limited	(Singapore)	100
Prebon Energy (Singapore) Pte Limited	(Singapore)	100
Prebon Yamane Financial Services (Singapore) Pte Limited	(Singapore)	100
Tappa (Hong Kong) Limited	(Hong Kong)	60
+PT Inti Prebon Moneybrokers	(Indonesia)	57
+PT Inti Prebon Securities	(Indonesia)	46
Prebon Philippines Inc	(Philippines)	51
Prebon Yamane (Australia) Pty Limited	(Australia)	100
#Prebon Yamane Money Markets (Australia) Pty Limited	(Australia)	100
Prebon Yamane Securities (Australia) Pty Limited	(Australia)	100
Prebon Yamane (India) Limited	(India)	50
Prebon Marshall Yamane (C I) Limited	(Jersey)	100
Tappa Holdings Limited	(Hong Kong)	100
Energy Data Aggregators LLC	(USA)	50
EnergyClear Operations Co LLC	(USA)	25

+Associated undertakings