

Prebon Yamane International Limited

Report & Accounts

31 March 2000

Registered Number: 2619854



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Prebon Yamane International Limited

Report & Accounts
Year ended 31 March 2000

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Directors

A M Hughes
P M Keenan
G R Mayhill
Y Tanahashi
K M Taylor

Secretary

J M Dearlove

Registered Office

2nd Floor
155 Bishopsgate
London EC2N 3DA

Auditors

PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London SE1 9SY

The directors have pleasure in submitting their report and accounts of the Company for the year ended 31 March 2000.

Business review

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

On 15 February 1999, the Company's ultimate parent company, FPG Holdings Limited entered into an agreement with Marshalls Finance Limited ("MFL") whereby MFL would acquire FPG and its subsidiaries, including the Company. The acquisition agreement was completed on 28 May 1999 and with effect from that date MFL was re-named Prebon Group Limited (see Note 13).

A branch of the company operating in Shanghai was opened during the year.

Results and dividends

The loss on ordinary activities after taxation for the year was £2,725,469 (18 months ended 31 March 1999: £313,552). The deficit for the year of £2,725,469 (1999: £313,552) has been transferred from reserves.

The directors do not recommend payment of a dividend (1999: £Nil).

Year 2000

The directors are satisfied that no significant Year 2000 related problems have arisen prior to, on or after 1 January 2000, which will affect the activities of the Company. However, the situation continues to be monitored.

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.

Responsibilities of the directors

It is the responsibility of the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year. The directors are responsible for ensuring that applicable accounting standards have been followed, and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, have been used in the preparation of the financial statements. It is also the responsibility of the directors to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business and to ensure those financial statements comply with the Companies Act 1985. The directors are also responsible for maintaining adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

Directors and their interests

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

S A Collis
K Higaki
A M Hughes
P M Keenan
G R Mayhill
Y Tanahashi

Mr Higaki resigned as a director on 30 April 2001. Mr K M Taylor was appointed a director on 16 November 2001. Mrs Collis resigned as a director on 16 November 2001.

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

Messrs A M Hughes and P M Keenan are directors of the ultimate holding company and details of their interests in that company are disclosed in its financial statements.

No contracts of significance to which the Company, its fellow subsidiary undertakings or its holding company, was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Auditors

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

18 January 2002

Registered Office:
2nd Floor
155 Bishopsgate
London
EC2N 3DA

Registered number
2619854

Auditors' Report to the Members of Prebon Yamane International Limited

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the director's 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.

Basis of audit 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 judgments 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 as at 31 March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

16 January 2002

Prebon Yamane International Limited
Profit and Loss Account
Year ended 31 March 2000

	Note	12 months to 31 March 2000 £	18 months to 31 March 1999 £
Income from fixed asset investments	2	-	102,508
Other income		36,512	-
Administrative expenses		<u>(317,904)</u>	<u>(28,146)</u>
Operating (loss)/profit	3	(281,392)	74,362
Loss on foreign exchange		(1,561,538)	(106,359)
Interest receivable	4	51,362	-
Interest payable	5	<u>(933,901)</u>	<u>(281,555)</u>
Loss on ordinary activities before and after taxation	12	<u>(2,725,469)</u>	<u>(313,552)</u>

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

	12 months to 31 March 2000 £	18 months to 31 March 1999 £
Loss on ordinary activities after taxation	(2,725,469)	(313,552)
Opening Shareholders' funds	<u>11,339,646</u>	<u>11,653,198</u>
Closing Shareholders' funds	<u>8,614,177</u>	<u>11,339,646</u>

The notes on pages 8 to 14 form an integral part of these accounts.


Prebon Yamane International Limited

Balance Sheet

31 March 2000

	Note	31 March 2000 £	31 March 1999 £
Fixed assets			
Tangible assets	6	18,689	-
Investments	7	23,483,549	13,595,290
		<u>23,502,238</u>	<u>13,595,290</u>
Current assets			
Debtors	8	23,628,517	8,154,463
Cash at bank and in hand		186,818	9,647,085
		<u>23,815,335</u>	<u>17,801,548</u>
Creditors (amounts falling due within one year)	9	<u>(17,688,646)</u>	<u>(2,919,312)</u>
Net current assets		<u>6,126,689</u>	<u>14,882,236</u>
Total assets less current liabilities		29,628,927	28,477,526
Creditors (amounts falling due after more than one year)	10	<u>(21,014,750)</u>	<u>(17,137,880)</u>
Net assets		<u>8,614,177</u>	<u>11,339,646</u>
Capital and reserves			
Called up share capital	11	4,656,304	4,656,304
Profit and loss account	12	3,957,873	6,683,342
Total shareholders' funds		<u>8,614,177</u>	<u>11,339,646</u>
<i>Consisting of:</i>			
- Equity Interests		6,286,025	9,011,494
- Non Equity Interests		2,328,152	2,328,152
		<u>8,614,177</u>	<u>11,339,646</u>

Approved by the board on 18 January 2002
and signed on their behalf by



K M Taylor - Director

The notes on pages 8 to 14 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 is not required to present a cash flow statement in these accounts.

Deferred taxation

No provision is made for deferred taxation in respect of timing differences except where, in the opinion of the directors, it is expected that a tax payment or credit will crystallise in the foreseeable future.

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 Income from fixed asset investments

	12 months to 31 March 2000	18 months to 31 March 1999
	£	£
Dividends received	-	102,508

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging :-

	12 months to 31 March 2000	18 months to 31 March 1999
	£	£
Depreciation	668	-
Write-off of debtor balance	286,806	-
Staff costs		
- wages and salaries	<u>14,400</u>	<u>-</u>

The Company has no employees and staff costs represents 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 (1999: £4,000) is borne by the immediate parent company.

4 Interest receivable

	12 months to 31 March 2000	18 months to 31 March 1999
	£	£
Interest receivable from group undertakings	<u>51,362</u>	<u>-</u>

5 Interest payable

	12 months to 31 March 2000	18 months to 31 March 1999
	£	£
Interest on bank and other term loans repayable within five years other than by instalments	<u>933,901</u>	<u>281,555</u>

6 Tangible assets

	Short leasehold improvements £	Plant & equipment £	Total £
Cost			
At 1 April 1999	-	-	-
Additions	11,963	7,399	19,362
At 31 March 2000	11,963	7,399	19,362
Accumulated depreciation			
At 1 April 1999	-	-	-
Charge for the year	539	129	668
Exchange translation	5	-	5
At 31 March 2000	544	129	673
Net book value at 31 March 2000	11,419	7,270	18,689
Net book value at 31 March 1999	-	-	-

7 Investments

	Subsidiary undertakings £	Other Investments £	Total £
Cost at 1 April 1999	13,018,056	577,234	13,595,290
Additions	9,888,259	-	9,888,259
Cost at 31 March 2000	22,906,315	577,234	23,483,549

A list of principal subsidiary undertakings at 31 March 2000 is given in Note 15.

In addition to the carrying amount of investments in subsidiaries, certain of the subsidiaries of the Company have aggregate net liabilities. These liabilities comprise accumulated losses which are funded by bank debt, which in turn is guaranteed by the Company (see note 14). 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.

Additions in the period represent additional investment in Prebon Marshall Yamane (UK) Limited and a transfer of investments in M.W. Marshall (UK) Limited, Prebon Administration Limited, M.W. Marshall Nominees Limited and M.W. Marshall (Trustee Services) Limited from M.W. Marshall & Co Limited, a fellow group undertaking.

8 Debtors

	31 March 2000	31 March 1999
	£	£
Amounts due from parent undertaking	19,023,435	5,866,650
Amounts due from group undertakings	4,564,227	2,001,007
Other debtors	40,855	286,806
	<u>23,628,517</u>	<u>8,154,463</u>

9 Creditors (amounts falling due within one year)

	31 March 2000	31 March 1999
	£	£
Bank overdrafts	2,159,728	2,188,068
Amounts due to group undertakings	14,625,514	618,945
Other creditors	903,404	112,299
	<u>17,688,646</u>	<u>2,919,312</u>

10 Creditors (amounts falling due after more than one year)

	31 March 2000	31 March 1999
	£	£
Other loans repayable within five years other than by installments	<u>21,014,750</u>	<u>17,137,880</u>

The above loans are repayable between 2 and 5 years and are denominated in the following currencies:

	31 March 2000	31 March 1999
	£	£
US\$	9,402,620	9,291,953
Japanese ¥	11,612,130	7,845,927
	<u>21,014,750</u>	<u>17,137,880</u>

The Yen loan bears interest at a fixed rate of 2% and the US Dollar loan bears interest at the prevailing money market rates.

11 Share capital

	31 March 2000	31 March 1999
	£	£
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	2,328,152	-
2,328,152 Deferred Shares of £1 each	-	2,328,152
	<u>4,656,304</u>	<u>4,656,304</u>

By adoption of new Articles of Association on 27 May 1999, the Deferred Shares of £1 each were re-designated as Preferred Shares of £1 each.

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.

12 Profit and loss account

	£
At 1 April 1999	6,683,342
Deficit for the year	<u>(2,725,489)</u>
At 31 March 2000	<u>3,957,873</u>

13 Ultimate holding company and related party transactions

At 31 March 2000 and throughout the year then ended, the ultimate holding company was FPG Holdings Limited ("FPGH"), a company registered in England and Wales.

Prebon Group Limited and its parent, FPGH, both consolidate the results of the Company and copies of the consolidated accounts can be obtained from the Company Secretary, Prebon Group Limited, 2nd Floor, 155 Bishopsgate, London EC2N 3DA.

14 Guarantees

Shortly before, and in anticipation of the reverse acquisition of FPG by MFL effected 28 May 1999, the enlarged Group refinanced the bank loans of both parties with a combination of term and revolver facilities for four and five year terms respectively. The Company entered into cross-guarantees under this financing and the total loans outstanding at 31 March 2000 under these facilities was £26,350,000. These bank loans and overdrafts have been guaranteed and secured by fixed and floating charges over the assets and undertakings of the Company.

Prebon Yamane International Limited

Notes to the accounts *continued*

Year ended 31 March 2000

15 Principal subsidiary and associated undertakings at 31 March 2000

At 31 March 2000 the following 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
Prebon Services Limited	(UK)	100
*#Prebon Yamane International Limited	(UK)	100
*#Prebon Investments Limited	(UK)	100
Prebon Marshall Yamane (UK) Limited	(UK)	100
International Telecom Brokers Limited	(UK)	76
+Haramis Cox SA	(Greece)	30
Prebon Yamane (Luxembourg) SA	(Luxembourg)	100
Prebon Yamane (Polska) Sp.z o.o.	(Poland)	100
#Prebon Holdings BV	(Netherlands)	100
Prebon Yamane (Nederland) BV	(Netherlands)	100
Prebon Yamane (Sweden) Aktieborg	(Sweden)	100
Prebon Energy AS	(Norway)	100
Prebon Yamane (Czech Republic) SRO	(Czech Republic)	100
Prebon Yamane (France) SA	(France)	57
Prebon Yamane (South Africa) (Pty) Limited	(South Africa)	51
Alpha Travel Inc.	(USA)	75
#Fulton Prebon (NA) Inc	(USA)	100
Fulton Prebon Administrative Services Inc	(USA)	100
Prebon Yamane (USA) Inc	(USA)	100
Prebon Energy Inc	(USA)	100
Prebon Financial Products Inc	(USA)	100
Prebon Alliance Inc	(USA)	100
Prebon Securities (USA) Inc	(USA)	100
Prebon Data Services (Bermuda) Limited	(Bermuda)	100
Prebon Yamane (Canada) Limited	(Canada)	100
Prebon (Argentina) SA	(Argentina)	100
+Enlaces Prebon, SA de CV	(Mexico)	49
#Fulton Prebon Holdings NV	(Aruba)	100
Yamane Prebon Securities Co., Limited	(Japan)	48
#Fulton Prebon Asia Group Limited	(Hong Kong)	100
+Fulton Prebon (Malaysia) Sdn Bhd	(Malaysia)	25
+Nithipat V&D Prebon Company Limited	(Thailand)	40
Prebon Yamane (Hong Kong) Limited	(Hong Kong)	100
Prebon Yamane (Singapore) Limited	(Singapore)	100
Prebon Energy (Singapore) Pte Limited	(Singapore)	100
PY Presidio (Hong Kong) Limited	(Hong Kong)	60
PY Presidio (Singapore) Pte Limited	(Singapore)	60
+PT Inti Prebon Moneybrokers	(Indonesia)	50
+PT Inti Prebon Securities	(Indonesia)	40
Prebon Philippines Inc	(Philippines)	51
Prebon Yamane (Australia) Pty Limited	(Australia)	100
Onlymatch Leasing Limited	(UK)	100
Prebon Training Services Limited	(UK)	100
P & G Data Manager LLC	(USA)	33
M W Marshall (UK) Limited	(UK)	100
Prebon Limited	(UK)	100
Power & Gas Data Limited	(USA)	33
Marshall Harlow Limited	(UK)	52
Exchange Networks Inc	(USA)	100
CDE Prebon Inc	(USA)	100
Prebon Futures Inc	(USA)	100
Harlow Prebon LLC	(USA)	100
Presidio Holdings Limited	(Hong Kong)	60
Prebon Yamane (India) Limited	(India)	50
Prebon Yamane Financial Services (Singapore) Pte Limited	(Singapore)	100

+Associated undertakings