

Prebon Yamane International Limited

Report & Accounts

31 March 2002

Registered Number: 2619854



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Directors

A M Hughes
P M Keenan
G R Mayhill
Y Tanahashi
C I Cowan

Secretary

J M Dearlove

Registered Office

Hill House
Heron Square
Richmond
Surrey
TW9 1EP

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 2002.

Business review

The principal activity of the Company is that of a holding company in respect of those 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 £1,962,315 (31 March 2001: loss £3,576,965). The surplus for the year of £1,962,315 (2001: deficit £3,576,965) has been transferred to reserves.

There is no dividend proposed on the ordinary shares (2001: £Nil). As required by their terms, the directors have proposed a dividend on preference shares of £1,164 for the year ended 31 March 2002 (2001: £Nil).

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 2002 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:

S A Collis – resigned 16 November 2001
K Higaki – resigned 30 April 2001
A M Hughes
P M Keenan
G R Mayhill
Y Tanahashi
K M Taylor – appointed 16 November 2001

Mr K M Taylor resigned as director on 25 April 2002 and Mr C I Cowan was appointed as a director on 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 2002 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.

Directors' interests in contracts entered into by the Company, including the sale of the Kinetech Holdings Limited and its subsidiaries ("Kinetech Group"), are disclosed in the accounts of the parent company, FPGH (see Note 24).

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

30 January 2003

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

Registered number
2619854

Independent Auditor's Report to the Members of Prebon Yamane International Limited

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 on page 3.

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 opinion has been prepared for and only for the company's members 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.

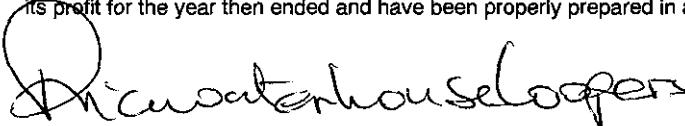
Basis of audit opinion

We conducted our audit in accordance with the 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 group'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 affairs of the Company at 31 March 2002 and of its profit 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

30 January 2003

Prebon Yamane International Limited

Profit and Loss Account
Year ended 31 March 2002

	Note	31 March 2002 £	31 March 2001 £
Administrative expenses		(1,044,903)	(999,551)
Exceptional write-down of investment in subsidiaries		-	(2,013,001)
Other income		148,574	270,919
Operating loss	2	(896,329)	(2,741,633)
Income from shares in group undertakings		976,798	90,945
Income from participating interest		182,000	832,000
Gain on sale of fixed asset		3,918,521	-
Profit/(loss) on foreign exchange		617,284	(628,896)
Interest receivable	3	18,649	18,739
Interest payable	4	(772,712)	(1,148,120)
Profit/(loss) on ordinary activities before taxation		4,044,211	(3,576,965)
Tax on profit/(loss) on ordinary activities	5	(2,080,732)	-
Profit/(loss) on ordinary activities after taxation		1,963,479	(3,576,965)
Dividends	6	(1,164)	-
Profit/(loss) retained	13	1,962,315	(3,576,965)

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 2002 £	31 March 2001 £
Profit/(loss) on ordinary activities after taxation	1,963,479	(3,576,965)
Dividends	(1,164)	-
	1,962,315	(3,576,965)
Opening Shareholders' funds	5,037,212	8,614,177
Closing Shareholders' funds	6,999,527	5,037,212

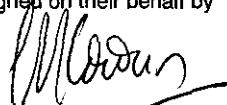
The notes on pages 7 to 11 form an integral part of these accounts.

Prebon Yamane International Limited

Balance Sheet
Year ended 31 March 2002

	Note	31 March 2002 £	31 March 2001 £
Fixed assets			
Tangible assets	7	7,061	16,911
Investments	8	23,429,217	23,270,548
		<u>23,436,278</u>	<u>23,287,459</u>
Current assets			
Debtors	9	18,330,943	19,486,953
Cash at bank and in hand		10,188,006	359,039
		<u>28,518,949</u>	<u>19,845,992</u>
Creditors (amounts falling due within one year)	10	<u>(25,149,130)</u>	<u>(16,880,979)</u>
Net current assets		<u>3,369,819</u>	<u>2,965,013</u>
Total assets less current liabilities		26,806,097	26,252,472
Creditors (amounts falling due after more than one year)	11	<u>(19,806,570)</u>	<u>(21,215,260)</u>
Net assets		<u>6,999,527</u>	<u>5,037,212</u>
Capital and reserves			
Called up share capital	12	4,656,304	4,656,304
Profit and loss account	13	2,343,223	380,908
Total shareholders' funds		<u>6,999,527</u>	<u>5,037,212</u>
<i>Consisting of:</i>			
- Equity Interests		4,671,375	2,709,060
- Non Equity Interests		2,328,152	2,328,152
		<u>6,999,527</u>	<u>5,037,212</u>

Approved by the board on 30 January 2003
and signed on their behalf by



C I Cowan - Director

The notes on pages 7 to 11 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

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 Operating loss

Operating loss is stated after charging: -

	31 March 2002 £	31 March 2001 £
Depreciation	8,238	10,070
Write down of investment in subsidiaries	-	2,013,001
Staff costs		
- wages and salaries	94,918	747,650

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 (2001: £10,000) is borne by the immediate parent company.

3 Interest receivable

	31 March 2002 £	31 March 2001 £
Interest receivable from group undertakings	18,649	18,739

4 Interest payable

	31 March 2001 £	31 March 2000 £
Interest on other loans repayable within five years other than by instalments	772,712	1,148,120

5a Tax on profit/(loss) on ordinary activities

	31 March 2002	31 March 2001
	£	£
The tax (charge) credit comprises;		
United Kingdom Corporation tax on profits of the period	2,080,732	-

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 2002	31 March 2001
	£	£
Profit/(Loss) on Ordinary Activities before taxation	4,044,211	(3,576,965)
Corporation tax on ordinary activities before taxation, standard		
Corporation tax rate 30%	1,213,263	(1,073,090)
Permanent differences	(20,328)	1,073,090
Utilisation of tax credits for dividends income	(347,637)	-
Deferred tax asset not recognised	255,000	-
Increase in tax provisions	980,434	-
	<u>2,080,732</u>	<u>-</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 provided for this year is £255,000.

6 Dividends

	31 March 2002	31 March 2001
	£	£
Proposed: preference shares	<u>1,164</u>	<u>-</u>

7 Tangible assets

	Short leasehold improvements	Plant & equipment	Total
	£	£	£
Cost			
At 1 April 2001	13,426	14,731	28,157
Additions	-	-	-
Disposals	(2,150)	(1,624)	(3,774)
Exchange translation	(22)	(24)	(46)
At 31 March 2002	<u>11,254</u>	<u>13,083</u>	<u>24,337</u>
Accumulated depreciation			
At 1 April 2001	7,934	3,312	11,246
Charge for the year	5,092	3,203	8,295
Depreciation on Disposal	(1,759)	(487)	(2,246)
Exchange translation	(13)	(6)	(19)
At 31 March 2002	<u>11,254</u>	<u>6,022</u>	<u>17,276</u>
Net book value at 31 March 2002	<u>-</u>	<u>7,061</u>	<u>7,061</u>
Net book value at 31 March 2001	<u>5,492</u>	<u>11,419</u>	<u>16,911</u>

Notes to the accounts *continued*
Year ended 31 March 2002

8 Investments

	Subsidiary undertakings £	Other Investments £	Total £
Cost at 1 April 2001	21,913,314	1,357,234	23,270,548
Additions	1,000,000	-	1,000,000
Disposals	(61,331)	(780,000)	(841,331)
Cost at 31 March 2002	22,851,983	577,234	23,429,217

A list of principal subsidiary undertakings at 31 March 2002 is given in Note 14.

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 13). 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 to investment in subsidiaries during the year relate to an increase in the investment in Prebon Marshall Yamane (UK) Limited.

The Company's investment in P&G Data Manager LLC was disposed of during the year.

The Company's interest in Marshall Harlow Limited was sold on 14 September 2001, the carrying value of this investment was £2,000,000 and the proceeds of the sale were £4,672,000.

9 Debtors

	31 March 2002 £	31 March 2001 £
Amounts due from parent undertaking	17,158,114	16,378,617
Amounts due from group undertakings	1,139,878	3,070,519
Other debtors	32,951	37,817
	18,330,943	19,486,953

10 Creditors (amounts falling due within one year)

	31 March 2002 £	31 March 2001 £
Bank overdrafts	40,167	3,861,548
Amounts due to group undertakings	22,262,671	12,937,568
Other loans	794,430	-
Corporation tax provision	958,500	-
Dividends payable	1,164	-
Other creditors	1,092,198	281,863
	25,149,130	16,880,979

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

	31 March 2002 £	31 March 2001 £
Other loans repayable within two to five years by installments	1,325,000	-
Other loans repayable after five years other than by installments	18,481,570	21,215,260
	19,806,570	21,215,260

Notes to the accounts *continued*
Year ended 31 March 2002

The above loans are denominated in the following currencies:

	31 March 2002 £	31 March 2001 £
US\$	10,533,708	10,550,749
Japanese ¥	9,272,862	10,664,511
	<u>19,806,570</u>	<u>21,215,260</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.

12 Share capital

	31 March 2002 £	31 March 2001 £
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
	<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 2001	380,908
Profit for the year	<u>1,962,315</u>
At 31 March 2002	<u>2,343,223</u>

14 Ultimate holding company and related party transactions

At 31 March 2002 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, Hill House, Heron Square, Richmond, Surrey TW9 1EP.

15 Guarantees

Shortly before, and in anticipation of the acquisition of Fulton Prebon Group by Marshalls Finance Limited (now renamed Prebon Group Limited) effected 28 May 1999, the 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 2002 under these facilities was £14,719,000 (2001: £22,936,000). These bank loans and overdrafts have been guaranteed and secured by fixed and floating charges over the assets and undertakings of the Company.

Notes to the accounts *continued*
Year ended 31 March 2002

16 Principal subsidiary and associated undertakings at 31 March 2002

At 31 March 2002 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
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
Yamane Prebon Securities Co., Limited	(Japan)	48
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 (Channel Islands) Limited	(Jersey)	100
Tappa Holdings Limited	(Hong Kong)	100
Energy Data Aggregators LLC	(USA)	50
EnergyClear Operations Co LLC	(USA)	25

+Associated undertakings