

PREBON YAMANE INTERNATIONAL LIMITED

Report and Financial Statements  
31 December 2009



## DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 December 2009

### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £83,000 (2008 loss £3,092,000) and will be transferred from reserves

The directors do not recommend payment of a dividend (2008 £nil)

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of Tullett Prebon plc

The principal activity of the Company is that of a holding company within the Tullett Prebon plc group (the "Group") There have not been any significant changes in the Company's principal activities in the year under review The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year

As shown in the Company's profit and loss account on page 5, the Company's operating profit was £897,000 compared to a loss of £2,537,000 in 2008 The increase in operating profit is primarily due to the revaluation of foreign currency intercompany loans

The Company's loss before tax was £109,000 compared to a loss of £4,244,000 in 2008

Net assets have increased from £4,105,000 in 2008 to £4,220,000 in 2009

The Company's Shanghai representative office continued in operation throughout 2009

### PRINCIPAL RISKS AND UNCERTAINTIES

The key risks which the Company faces in its day to day operations can broadly be categorised as credit, operational, liquidity and reputational risk

Credit risk is the risk of financial loss to the Company in the event that a client or counterparty fails to settle its contractual obligations to the Company

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events

Liquidity risk is the risk that the Company, in periods of corporate or market volatility, will not have access to an appropriate level of cash or funding to enable it to finance its ongoing operations and any other reasonable unanticipated events on cost effective terms Cash and equivalent balances are held with the primary objective of capital security and availability, with a secondary objective of generating returns Funding requirements and cash and equivalent exposures are monitored by the Group Risk and Treasury Committee

Reputational risk is the risk that the Company's ability to do business might be damaged as a result of its reputation being tarnished

Management in front office and support functions have the day to day responsibility for ensuring that the Company operates in accordance with the Group Risk Assessment Framework which includes policies and procedures for these key risks Further details of the Group Risk Assessment Framework are fully outlined in the Group's Annual Report which does not form part of this report

### ENVIRONMENTAL POLICY

The nature of the Company's activities is such that it has a minimal direct effect on the environment However, management have agreed to adopt Group policies to safeguard the environment to meet statutory requirements or where such policies are commercially sensible

# PREBON YAMANE INTERNATIONAL LIMITED

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## DIRECTORS' REPORT

### EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 9

The Company adheres to the Group's human resources policies and recruitment practices. These are outlined in the Group's Annual Report which does not form part of this report.

### DIRECTORS

The following directors held office during the period

A K Evans

P R Mainwaring

R B Stevens (resigned 14 May 2010)

B C Ward

### DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### POLICY OF PAYMENT TO SUPPLIERS

It is the Group's policy that all transactions are settled in accordance with relevant terms and conditions of business agreed with the supplier, provided all such terms and conditions have been complied with.

### AUDITORS

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to s386 Companies Act 1985, an elective resolution was passed on 31 July 1992 dispensing with the requirement to appoint auditors annually. This election was in force immediately before 1 October 2007. Therefore, Deloitte LLP are deemed to continue as auditors.

This report was approved by the Board of Directors and signed on its behalf by



N L Challen  
Company Secretary  
Date

**22 JUL 2010**

Registered office  
Tower 42  
Level 37  
25 Old Broad Street  
London  
EC2N 1HQ  
Registered No  
2619854

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREBON YAMANE INTERNATIONAL LIMITED**

We have audited the financial statements of Prebon Yamane International Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



**Manbhinder Rana (Senior Statutory Auditor)**

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

Date 22 July 2010

PREBON YAMANE INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2009

	<i>Notes</i>	<i>2009 £000</i>	<i>2008 £000</i>
Staff costs	4	(29)	(52)
Other administration expenses		(34)	(2,485)
Total administration expenses		(63)	(2,537)
Other operating income	3	960	-
<b>OPERATING PROFIT/(LOSS)</b>	2	897	(2,537)
Loss on disposal of fixed asset investments	9	(19)	-
Interest receivable and similar income	5	325	567
Interest payable and similar charges	6	(1,312)	(2,274)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(109)	(4,244)
Tax credit on loss on ordinary activities	7	26	1,152
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(83)	(3,092)

Loss for the current and preceding year results solely from continuing operations

PREBON YAMANE INTERNATIONAL LIMITED

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 December 2009

	<i>2009</i> <i>£000</i>	<i>2008</i> <i>£000</i>
Loss for the financial year	(83)	(3,092)
Foreign exchange translation differences on foreign currency net investment in branches	198	(599)
Total recognised gain/(losses) for the year	<u>115</u>	<u>(3,691)</u>

PREBON YAMANE INTERNATIONAL LIMITED

BALANCE SHEET  
as at 31 December 2009

	Notes	2009 £000	2008 £000
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	1	3
Investments	9	33,403	33,422
		<u>33,404</u>	<u>33,425</u>
<b>CURRENT ASSETS</b>			
Debtors due within one year	10	306	9,236
due after one year	10	9,272	-
Cash at bank and in hand		11	13
		<u>9,589</u>	<u>9,249</u>
<b>CREDITORS amounts falling due within one year</b>	12	(38,773)	(38,569)
<b>NET CURRENT LIABILITIES</b>		<u>(29,184)</u>	<u>(29,320)</u>
<b>NET ASSETS</b>		<u>4,220</u>	<u>4,105</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	4,656	4,656
Profit and loss account	14	(436)	(551)
<b>SHAREHOLDERS' FUNDS</b>		<u>4,220</u>	<u>4,105</u>

The financial statements of Prebon Yamane International Limited (registered number 2619854) were approved by the Board of Directors and authorised for issue on

Signed on its behalf by



**P R Mainwaring**  
Director



NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2009

1. ACCOUNTING POLICIES

***Accounting convention***

The financial statements are prepared under the historical cost convention, and in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

***Going Concern***

The directors of Tullett Prebon Group Limited have confirmed their intention to ensure that sufficient financial resources are available to the Company to enable it to satisfy its liabilities as they fall due for at least a year from the date of approval of these financial statements

After consideration of the above and the Company's risks and uncertainties as set out on page 1 of the directors' report, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be used in preparing these financial statements

***Tangible fixed assets***

The cost of fixed assets is their purchase cost, together with any incidental costs at acquisition. Fixed assets are stated at cost less accumulated depreciation and provision for any impairment. The cost is written off in equal annual instalments based on the estimated useful lives, which are

Short lease hold improvements	over the period of the lease
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Plant & Equipment	3 to 5 years
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***Fixed asset investments***

Fixed asset investments including subsidiaries and associates are shown at cost less provision for impairment

***Cash flow statement***

The Company is exempt from reporting a cash flow statement in accordance with FRS 1 Cash Flow Statements (Revised 1996), as the Company is a wholly owned subsidiary of Tullett Prebon plc, which is registered in England and Wales and which prepares group financial statements which are publicly available

***Foreign currencies***

Transactions in foreign currencies are converted at exchange rates ruling at the transaction dates

Monetary assets and liabilities, denominated in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the profit and loss account

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are classified as equity. Income and expense items are translated at average rates for the year

***Taxation***

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusions of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted

# PREBON YAMANE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2009

### 1. ACCOUNTING POLICIES (continued)

#### *Related party transactions*

The Company has taken advantage of reporting exemptions in accordance with FRS 8 Related Party Transactions, since it is a wholly owned subsidiary of a group where the voting rights are controlled within the group and the groups parent financial statements are publicly available

#### *Segmental reporting*

The Company has taken advantage of reporting exemptions in accordance with SSAP 25 Segmental reporting, since it is a subsidiary of a group which provides segmental information in compliance with this accounting standard

#### *Subsequent events*

On 18 June the Company sold its investment in Prebon Limited (Japan Branch) at book value

### 2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after crediting/(charging)

	2009 £000	2008 £000
Foreign exchange gain/(loss)	960	(230)
Depreciation	(1)	(1)
	<u>959</u>	<u>(231)</u>

A material proportion of the Company's expenditure, including auditors' remuneration of £4,000 (2008 £5,000) in respect of audit work is incurred by Tullett Prebon Administration Limited

### 3. OTHER OPERATING INCOME

Other operating income for the year represents foreign exchange gains on revaluation of intercompany loans

### 4. STAFF COSTS

	2009 £000	2008 £000
Wages and salaries	22	54
Other pensions costs	7	(2)
	<u>29</u>	<u>52</u>

The average number of employees during the year was 1 (2008 1)

The Directors do not receive any remuneration for their services to the Company (2008 £nil)

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £000	2008 £000
Group interest receivable	325	567
	<u>325</u>	<u>567</u>

PREBON YAMANE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
as at 31 December 2009

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £000	2008 £000
Group interest payable	1,312	2,274

7. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2009 £000	2008 £000
Current tax		
UK corporation tax credit on loss for the year	26	1,207
Adjustment to tax in respect of previous periods	-	81
Total current tax	26	1,288
Deferred tax		
Reversal of timing differences	-	(136)
Tax credit on loss on ordinary activities	26	1,152

*Factors affecting the current tax charge*

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 28.5%) The differences are reconciled below

	2009 £000	2008 £000
Loss on ordinary activities before tax	(109)	(4,244)
Loss on ordinary activities multiplied by standard rate of corporation tax in UK	31	1,210
Taxation on apportionable income of overseas subsidiary	-	(3)
Expenses not deductible	(5)	-
Adjustment to tax in respect of previous periods	-	81
Tax credit on ordinary activities for the year	26	1,288

PREBON YAMANE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2009

8. TANGIBLE FIXED ASSETS

	<i>Short leasehold Improvements £000</i>	<i>Plant and Equipment £000</i>	<i>Total £000</i>
Cost			
At 1 January 2009 and 31 December 2009	9	7	16
Depreciation			
At 1 January 2009	(9)	(4)	(13)
Charge for the year	-	(1)	(1)
Exchange differences	-	(1)	(1)
At 31 December 2009	(9)	(6)	(15)
Net Book Value			
At 31 December 2009	-	1	1
At 31 December 2008	-	3	3

9. FIXED ASSET INVESTMENTS

	<i>Subsidiary undertakings £000</i>
At 1 January 2009	33,422
Disposal of investments	(19)
At 31 December 2009	33,403

At 31 December 2009, the Company held principal investments in the issued share capital of the following companies

<i>Company</i>	<i>Business</i>	<i>Country of incorporation</i>	<i>% held</i>
Tullett Prebon Administration Limited	Holding company	England	100
Tullett Prebon (UK) Limited	Derivatives & money broking	England	100
Prebon Limited (Japan Branch)	Derivatives & money broking	England	100
Prebon Holdings B V	Holding company & money broking	Netherlands	100

PREBON YAMANE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2009

10. DEBTORS

	2009 £000	2008 £000
Amounts owed by group undertakings due within one year	124	9,070
due after one year	9,272	-
Tax receivable	16	-
Deferred tax asset (note 11)	166	166
	<u>9,578</u>	<u>9,236</u>

11. DEFERRED TAX ASSET

	2009 £000	2008 £000
Deferred tax asset comprises		
Accelerated capital allowance	166	166
Deferred tax asset	<u>166</u>	<u>166</u>
Movements during the year		
At 1 January	166	302
Credited to profit and loss account	-	(136)
At 31 December	<u>166</u>	<u>166</u>

12. CREDITORS: amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to group undertakings	38,770	38,565
Other creditors	3	4
	<u>38,773</u>	<u>38,569</u>

13. CALLED-UP SHARE CAPITAL

	2009 Number	2008 Number	2009 £000	2008 £000
Allotted, called-up and fully paid				
Equity ordinary shares of 10p each	2,328,152	2,328,152	2,328	2,328
Preference shares of £1 each	2,328,152	2,328,152	2,328	2,328
	<u>4,656,304</u>	<u>4,656,304</u>	<u>4,656</u>	<u>4,656</u>

The participating preference shares are entitled to receive a dividend equal to 0.1% of the nominal value of such shares in respect of each 12 month period

On a winding up of the Company, any of the Company's assets available for distribution shall be distributed equally to the holders of the ordinary and participating preference shares

## PREBON YAMANE INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2009

#### 13. CALLED-UP SHARE CAPITAL (continued)

The directors believe that the financial liability component of the preference share capital is not material and therefore it has not been separated from the equity component

The voting rights are one vote per preference share held

On 18 June 2010 a resolution was passed that the authorised and issued share capital of the Company be re-designated from £4,656,304 divided into 2,328,152 ordinary shares of £1 each and 2,328,152 deferred shares of £1 each to £4,656,304 divided into 4,656,304 ordinary shares of £1 each

The authorised share capital article in the Company's Articles of Association was removed by shareholder resolution on 18 June 2010

#### 14. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total shareholders' funds £000</i>
At 1 January 2008	4,656	3,140	7,796
Loss for the year	-	(3,092)	(3,092)
Foreign exchange translation differences on foreign currency net investment in branches	-	(599)	(599)
At 1 January 2009	4,656	(551)	4,105
Loss for the year	-	(83)	(83)
Foreign exchange translation differences on foreign currency net investment in branches	-	198	198
At 31 December 2009	4,656	(436)	4,220

#### 15. SUBSEQUENT EVENTS

On 18 June 2010 the Company sold its investment in Prebon Limited (Japan Branch) at book value

#### 16. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Fulton Prebon Group Limited

The Company's ultimate parent and controlling party is Tullett Prebon plc

The parent undertaking of the smallest group which includes the Company for which group accounts are prepared is Tullett Prebon Group Holdings plc

The parent undertaking of the largest group which includes the Company for which group accounts are prepared is Tullett Prebon plc

Copies of Tullett Prebon Group Holdings plc and Tullett Prebon plc financial statements are available from the registered office Tower 42, Level 37, 25 Old Broad Street, EC2N 1HQ