

Fulton Prebon Group Limited
Report & Accounts
31 March 2000
Registered Number: 2637272



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Fulton Prebon Group Limited

Report & Accounts
Year ended 31 March 2000

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Fulton Prebon Group Limited

Report & Accounts
Year ended 31 March 2000

Directors

K M Taylor
A M Hughes
P M Keenan
E A Teraskiewicz

Secretary

G A Shaw	– resigned 06.11.00
P Ankers	– appointed 06.11.00
	– resigned 18.05.01
J Dearlove	– appointed 26.05.01

Registered Office

2nd Floor
155 Bishopsgate
London EC2N 3DA

Auditors

PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London SE1 9SY

Fulton Prebon Group Limited

Directors' Report
Year ended 31 March 2000

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

Business review

The Company acts as a holding company for a number of international money and securities broking subsidiaries. The results for the year are set out in the attached profit and loss account.

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 the Company and its subsidiaries. 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).

Results and dividends

The loss on ordinary activities after taxation for the year was £6,027,000 (1999: loss £2,018,000). The deficit for the year of £6,027,000 (1999: deficit £2,018,000) 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.

Fulton Prebon Group Limited

Directors' Report *Continued*
Year ended 31 March 2000

Going concern

The directors consider that the company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements. As with all business forecasts the director's statement cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about future events.

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
D E Rutter — resigned 13.09.99
E A Teraskiewicz
P C van der Lugt

Mr van der Lugt resigned as a director of the Company on 31 May 2000. Mr Higaki resigned as a director of the Company on 30 April 2001. Mr K M Taylor was appointed a director of the Company on 16 November 2001. Mrs Collis resigned as a director of the Company on 16 November 2001.

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

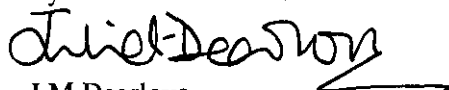
Mr A M Hughes and Mr P M Keenan were also directors of the ultimate holding Company, FPG Holdings Limited, and their direct or indirect interests are disclosed in the financial statements for that company.

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
28 February 2002

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

Registered number:
2637272

Auditors' Report to the Members of Fulton Prebon Group 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

28 February 2002

Fulton Prebon Group Limited

Profit and Loss Account
Year ended 31 March 2000

	Note	12 months to 31 March 2000 £'000	18 months to 31 March 1999 £'000
Turnover		9,943	17,195
Administrative expenses		(15,100)	(18,777)
Loss before interest and taxation	2	(5,157)	(1,582)
Interest receivable and similar income	3	324	354
Interest payable and similar charges	4	(1,194)	(790)
Loss on ordinary activities before and after taxation	11	<u>(6,027)</u>	<u>(2,018)</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

Loss on ordinary activities after taxation	(6,027)	(2,018)
Opening Shareholders' funds	<u>(7,178)</u>	<u>(5,160)</u>
Closing Shareholders' funds	<u>(13,205)</u>	<u>(7,178)</u>

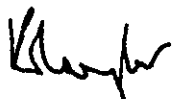
The notes on pages 8 to 14 form an integral part of these accounts.

Fulton Prebon Group Limited

Balance Sheet
31 March 2000

	Note	2000 £'000	2000 £'000	1999 £'000	1999 £'000
Fixed assets					
Tangible assets	6		931		-
Investments	7		331		275
			<u>1,262</u>		<u>275</u>
Current assets					
Debtors	8	15,223		14,683	
Cash at bank and in hand		<u>21,228</u>		<u>4,943</u>	
		36,451		19,626	
Creditors					
Amounts falling due within one year	9	<u>(50,918)</u>		<u>(27,079)</u>	
Net current liabilities			<u>(14,467)</u>		<u>(7,453)</u>
Total assets less current liabilities			<u>(13,205)</u>		<u>(7,178)</u>
Capital and reserves					
Called up share capital	10		-		-
Profit and loss account			<u>(13,205)</u>		<u>(7,178)</u>
Equity shareholders' funds	11		<u>(13,205)</u>		<u>(7,178)</u>

Approved by the board on 28 February 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.

Investments in subsidiary undertakings

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.

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.

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.

Cash flow statement

The Company has adopted the provisions of FRS 1 in these accounts. Accordingly, a cash flow statement is not included in these accounts because the Company is a wholly owned subsidiary undertaking of Prebon Group Limited ("PGL"), which has included a consolidated cash flow statement in its accounts for the year ended 31 March 2000.

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.

Pensions

Contributions to the defined contribution pension schemes are charged to the profit and loss account as they fall due.

Turnover

Turnover is derived from management charges to the subsidiary undertakings of the company.

Fulton Prebon Group Limited

Notes to the Accounts *continued*
Year ended 31 March 2000

2 Loss before interest and taxation

Loss before interest and taxation is stated after charging:

	12 months to 31 March 2000 £'000	18 months to 31 March 1999 £'000
Auditors' remuneration	189	127
Exceptional costs	(843)	-
Profit on exchange	<u>(54)</u>	<u>264</u>

Exceptional costs relate to costs incurred in the acquisition agreement with Marshalls Finance Limited.

3 Interest receivable and similar income

	12 months to 31 March 2000 £'000	18 months to 31 March 1999 £'000
Interest on bank balances	286	312
Amounts receivable from group undertakings	<u>38</u>	<u>42</u>
	<u>324</u>	<u>354</u>

4 Interest payable and similar charges

	12 months to 31 March 2000 £'000	18 months to 31 March 1999 £'000
Interest on bank and other term loans: - repayable within five years	559	723
Amounts payable to group undertakings	<u>635</u>	<u>67</u>
	<u>1,194</u>	<u>790</u>

5 Employees

	12 months to 31 March 2000 £'000	18 months to 31 March 1999 £'000
a. Staff costs		
Wages and salaries	6,142	9,724
Social Security costs	461	1,078
Other pension costs	<u>756</u>	<u>703</u>
	<u>7,359</u>	<u>11,505</u>
b. Average number of employees	<u>77</u>	<u>49</u>

Fulton Prebon Group Limited

Notes to the Accounts *continued*
Year ended 31 March 2000

5 Employees *continued***c. Directors' remuneration**

Directors' remuneration in respect of services as directors was as follows:

	12 months to 31 March 2000 £'000	18 months to 31 March 1999 £'000
Emoluments, salary and bonuses	2,276	6,223
Pension contributions to money purchase schemes	<u>733</u>	<u>660</u>
	<u>3,009</u>	<u>6,883</u>

Retirement benefits are accruing to three (31.03.99: four) directors under defined contribution schemes.

Included in directors' emoluments is £134,000 (12 months 31.03.99: £88,000) which is the estimated monetary value of non-cash benefits.

	12 months to 31 March 2000 £'000	18 months to 31 March 1999 £'000
Highest paid director:		
Emoluments, salary and bonuses	779	2,275
Pension contributions to money purchase schemes	<u>480</u>	<u>281</u>

Fulton Prebon Group Limited

Notes to the Accounts *continued*
Year ended 31 March 2000

6 Tangible Assets

	Plant & Equipment £'000
Cost	
At 1 April 1999	-
Additions	931
At 31 March 2000	931
Accumulated depreciation	
At 1 April 1999 and 31 March 2000	-
Net book value at 31 March 2000	931
Net book value at 31 March 1999	-

7 Investments

	Subsidiary Undertakings £'000
Costs of acquisition at 1 April 1999	275
Additions	56
and at 31 March 2000	331

In addition to the carrying amount of investments in subsidiary undertakings, 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 PGL. Therefore no provision has been made in the accounts of the Company in respect of these 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 remain a going concern, both of which circumstances would involve the realisation of the value of the subsidiaries. For the same reason, the directors are satisfied that no provision is needed against the carrying value of the investment.

A list of principal subsidiary undertakings and associates at 31 March 2000 is given in Note 16.

8 Debtors

	31 March 2000 £'000	31 March 1999 £'000
Amounts due from parent company	336	491
Amounts due from subsidiary undertakings	14,290	13,450
Amounts owed by associated companies	56	117
Other debtors	541	625
	15,223	14,683

Fulton Prebon Group Limited

Notes to the Accounts *continued*
Year ended 31 March 2000

9 Creditors: amounts falling due within one year

	31 March 2000	31 March 1999
	£'000	£'000
Bank overdrafts	69	250
Amounts owed to subsidiary undertakings	45,972	20,406
Amounts owed to associated companies	-	70
Other taxes and Social Security	22	1,707
Accruals	4,855	4,646
	<u>50,918</u>	<u>27,079</u>

10 Called up share capital

	31 March 2000	31 March 1999
	£	£
Authorised share capital:		
1,000 Ordinary Shares of 10p each	100.00	100.00
143 Deferred Ordinary Shares of 10p each	14.30	14.30
176 Convertible Shares of 10p each	17.60	17.60
	<u>131.90</u>	<u>131.90</u>

	31 March 2000	31 March 1999
	£	£
Allotted and fully paid:		
1,000 Ordinary Shares of 10p each	100.00	100.00
143 Deferred Ordinary Shares of 10p each	14.30	14.30
176 Convertible Shares of 10p each	17.60	17.60
	<u>131.90</u>	<u>131.90</u>

11 Profit and Loss Account

	£'000
At 1 April 1999	(7,178)
Retained loss for the year	<u>(6,027)</u>
At 31 March 2000	<u>(13,205)</u>

12 Contingent liabilities

1. At 31 March 2000 the outstanding liabilities relating to guarantees issued by the Company in respect of the leasing commitments of certain subsidiaries totalled £1,577,000 (1999: £949,000).
2. Bank loans and overdrafts granted to the Company and certain of its subsidiary undertakings amounting as at 31 March 2000 to £26,350,000 (1999: £10,024,000) have been guaranteed and secured by fixed and floating charges over the assets and undertakings of the Company and certain of its subsidiary undertakings.

13 Ultimate holding company

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 the Company and its subsidiaries by Marshalls Finance Limited (subsequently renamed Prebon Group Limited) 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.

15 Financial support

The directors of PGL have confirmed their intention to ensure that 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 the annual financial statements.

Fulton Prebon Group Limited
Notes to the Accounts *continued*
Year ended 31 March 2000

16 Principal Subsidiaries and Associates

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, 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
Fulton Prebon Administration Limited	(UK)	100
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
Onlymatch Leasing Limited	(UK)	100
Prebon Training Services Limited	(UK)	100
M W Marshall (UK) Limited	(UK)	100
Prebon Limited	(UK)	100
Marshall Harlow Limited	(UK)	52
+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
P & G Data Manager LLC	(USA)	33
Power & Gas Data Limited	(USA)	33
Exchange Networks Inc	(USA)	100
CDE Prebon Inc	(USA)	100
Prebon Futures Inc	(USA)	100
Harlow Prebon LLC	(USA)	100
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
Presidio Holdings Limited	(Hong Kong)	60
Prebon Yamane (India) Limited	(India)	50
Prebon Yamane Financial Services (Singapore) Pte Limited	(Singapore)	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
+Associated companies		