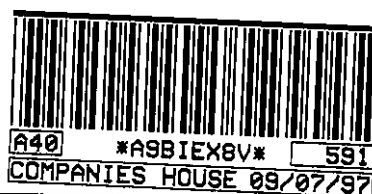

Edgar Astaire & Co. Limited

**Report and Financial Statements
For the year ended 31st March 1997**

Registered Number 2768453



Edgar Astaire & Co. Limited
Report and Financial Statements
For the year ended 31st March 1997

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Report of the directors

The directors present their report and the audited financial statements for the year ended 31st March 1997.

Principal activities and business review

The profit and loss account is set out on page 4.

The principal activity of the company is as a stockbroker and it is a Broad Scope member of The Securities and Futures Authority Limited. The company is also a member of the London Stock Exchange.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The profit for the financial year of £1,075,748 will be transferred to reserves.

Directors

Directors during the year were:

Edgar Astaire
Gary Gladstein
Scott Bessent
Richard Katz

Directors' interests

No directors had any interest in the ordinary share capital of the company at 31st March 1997.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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 of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st March 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

Edgar Astaire & Co. Limited
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Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The company having passed an elective resolution to dispense with the requirement to re-appoint auditors annually, it is proposed that Coopers & Lybrand will continue in office.

By order of the board

A handwritten signature in cursive script, reading 'Sheila Lipscombe', written in dark ink.

Sheila Lipscombe
Company secretary
27th June 1997

Edgar Astaire & Co. Limited
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Report of the auditors to the members of
Edgar Astaire & Co. Limited

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

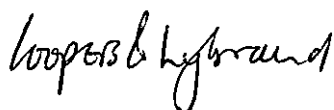
Basis of opinion

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 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 by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 31st March 1997 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
27th June 1997

Edgar Astaire & Co. Limited
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For the year ended 31st March 1997

Profit and loss account

	Notes	1997 £	1996 £
Turnover		3,065,409	4,136,271
Staff costs	2	953,258	927,532
Other operating costs		618,466	91,235
		<hr/>	<hr/>
Operating profit	4	1,493,685	3,117,504
Net interest receivable	5	140,307	124,813
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,633,992	3,242,317
Tax on profit on ordinary activities	6	558,244	1,080,582
		<hr/>	<hr/>
Profit after taxation	12	1,075,748	2,161,735
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains and losses other than the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year, as stated above, and their historical cost equivalents.

All the company's activities are continuing activities

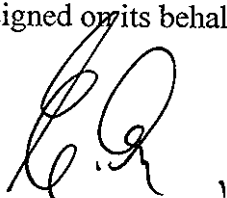
Edgar Astaire & Co. Limited
Report and Financial Statements
For the year ended 31st March 1997

Balance Sheet

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	7	15,088	27,949
		<hr/>	<hr/>
Current assets			
Long positions in securities		1,907,557	3,782,895
Debtors	8	45,973,958	97,231,652
Cash at bank and in hand		5,038,052	3,262,379
		<hr/>	<hr/>
		52,919,567	104,276,926
Creditors: amounts falling due within one year	9	47,347,017	99,292,985
		<hr/>	<hr/>
Net current assets		5,572,550	4,983,941
		<hr/>	<hr/>
Total assets less current liabilities		5,587,638	5,011,890
Creditors: amounts falling due after more than one year	10	Nil	500,000
		<hr/>	<hr/>
Net assets		5,587,638	4,511,890
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	500,000	500,000
Profit and loss account	12	5,087,638	4,011,890
		<hr/>	<hr/>
Equity shareholders' funds		5,587,638	4,511,890
		<hr/>	<hr/>

The financial statements on pages 4 to 14 were approved by the board of directors on 27th June 1997 and signed on its behalf by:

Edgar Astaire



Edgar Astaire & Co. Limited
Report and Financial Statements
For the year ended 31st March 1997

Cash flow statement

	Notes	1997 £	1996 £
Net cash inflow from operating activities	14	3,220,216	1,053,864
		<hr/>	<hr/>
Returns on investments and servicing of finance			
Interest paid		(31,560)	(39,517)
Interest received		171,867	163,830
		<hr/>	<hr/>
Net cash inflow on investments and servicing of finance		140,307	124,313
		<hr/>	<hr/>
Taxation			
UK corporation tax paid		(1,080,582)	(602,287)
		<hr/>	<hr/>
Investing activities			
Purchase of tangible fixed assets		(4,268)	(15,390)
		<hr/>	<hr/>
Net cash inflow before financing		2,275,673	560,500
		<hr/>	<hr/>
Financing			
Net cash outflow from financing		500,000	Nil
		<hr/>	<hr/>
Increase in cash and cash equivalents	15	1,775,673	560,500
		<hr/> <hr/>	<hr/> <hr/>

Edgar Astaire & Co. Limited
Report and Financial Statements
For the year ended 31st March 1997

Notes to the Financial Statements

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention with the exception of positions in securities which are valued at market value.

Turnover

Turnover represents dealing profits and losses and commissions receivable on securities trading activities, exclusive of value added tax and stamp duty.

All turnover and net assets relate to activities in the United Kingdom.

Positions in securities

Long and short positions in securities are valued at current bid and offer prices respectively.

Depreciation

Depreciation of tangible fixed assets is calculated to write off their cost or valuation over their expected useful lives in equal annual instalments as follows:

Furniture and fittings	33%
Office equipment	33%

Foreign currencies

Transactions denominated in currencies other than sterling are translated into sterling using the relevant closing mid market rate of exchange for the month in which the transaction was executed. Assets and liabilities denominated in currencies other than sterling are translated into sterling using the relevant closing mid market rate of exchange. Where appropriate the rate of exchange under the terms of any related or matching forward contract is used. All exchange gains or losses are reported as part of the profit for the period from ordinary activities.

Edgar Astaire & Co. Limited
Report and Financial Statements
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1 Accounting policies (continued)

Deferred taxation

Where a tax liability is expected to crystallise, deferred taxation is provided in respect of differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

Leased assets

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The company does not operate a pension scheme for employees. Company contributions to employees' personal pension plans are charged to the profit and loss account as incurred.

2 Staff costs

The average number of persons, including directors, employed by the company during the year was eight (1996 eight).

The costs incurred during the period in respect of these employees were as follows:

	1997 £	1996 £
Wages and salaries	795,024	792,451
Social security costs	83,520	82,020
Pension contributions	64,339	44,958
Other staff costs	10,375	8,103
	<hr/>	<hr/>
	953,258	927,532
	<hr/>	<hr/>

Edgar Astaire & Co. Limited
Report and Financial Statements
For the year ended 31st March 1997

3 Directors' remuneration

Only one director received emoluments during either the current or prior years. The following disclosure therefore represents both the aggregate remuneration for all directors and that for the highest paid director:

	1997 £	1996 £
Aggregate emoluments	279,586	318,388
Company pension contributions to money purchase schemes	20,000	20,000

Retirement benefits are accruing to one director under a personal money purchase pension scheme. Directors are entitled to neither share options nor shares under any long-term incentive schemes.

4 Profit on ordinary activities

	1997 £	1996 £
Profit on ordinary activities is arrived at after charging/(crediting):		
Auditors' remuneration for audit	8,500	8,500
Auditors' remuneration for non-audit services	10,540	13,695
Depreciation	17,129	33,131
Operating lease charges	26,973	31,997
Foreign exchange	275,580	(241,376)

5 Net interest receivable

	1997 £	1996 £
Interest payable:		
Bank loans and overdrafts repayable within five years	1,488	1,501
Other loans repayable within five years	30,072	37,516
Other interest payable	Nil	Nil
	<u>31,560</u>	<u>39,017</u>
Interest receivable	171,867	163,830
	<u>171,867</u>	<u>163,830</u>
Net interest receivable	<u>140,307</u>	<u>124,813</u>

Edgar Astaire & Co. Limited
Report and Financial Statements
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6 Tax on profit on ordinary activities

	1997 £	1996 £
UK corporation tax at 33%	558,244	1,080,582
Adjustment in respect of prior period	Nil	Nil
	<u>558,244</u>	<u>1,080,582</u>
	<u><u>558,244</u></u>	<u><u>1,080,582</u></u>

7 Tangible fixed assets

	Furniture & fittings £	Computer equipment £	Total £
Cost			
At 1st April 1996	56,380	52,604	108,984
Additions	599	3,669	4,268
	<u>56,979</u>	<u>56,273</u>	<u>113,252</u>
At 31st March 1997	<u>56,979</u>	<u>56,273</u>	<u>113,252</u>
Depreciation			
At 1st April 1996	42,872	38,163	81,035
Charge for the period	8,579	8,550	17,129
	<u>51,451</u>	<u>46,713</u>	<u>98,164</u>
At 31st March 1997	<u>51,451</u>	<u>46,713</u>	<u>98,164</u>
Net book value			
At 31st March 1997	<u>5,528</u>	<u>9,560</u>	<u>15,088</u>
At 31st March 1996	<u><u>13,508</u></u>	<u><u>14,441</u></u>	<u><u>27,949</u></u>

Edgar Astaire & Co. Limited
Report and Financial Statements
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8 Debtors

	1997 £	1996 £
Amounts falling due within one year:		
Trade debtors	45,955,781	97,153,196
Other debtors	12,248	71,096
Prepayments	5,929	7,360
	<u>45,973,958</u>	<u>97,231,652</u>

9 Creditors: amounts falling due within one year

	1997 £	1996 £
Trade creditors	46,446,950	97,828,831
Corporation tax	558,244	1,080,582
Other creditors	10,937	53,082
Accruals	330,886	330,490
	<u>47,347,017</u>	<u>99,292,985</u>

10 Creditors: amounts falling due after more than one year

	1997	1996 £
Subordinated loan	Nil	500,000
	<u>Nil</u>	<u>500,000</u>

The subordinated loan, originally repayable on 21st May 1998 (subject to the prior written consent of The Securities and Futures Authority Limited) and bearing interest at 1% over LIBOR, was repaid in full on 5th February 1997.

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Report and Financial Statements
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11 Share capital

	1997 £	1996 £
Authorised, allotted, called-up and fully paid: 500,000 ordinary shares of £1 each	500,000	500,000
	<u> </u>	<u> </u>

All shares rank parri passu as regards dividends, priority and amounts receivable on a winding up and voting rights.

12 Profit and loss account

	1997 £	1996 £
At 1st April	4,011,890	1,850,155
Profit for the year	1,075,748	2,161,735
	<u> </u>	<u> </u>
At 31st March	5,087,638	4,011,890
	<u> </u>	<u> </u>

13 Reconciliation of movement on shareholders' funds

	1997 £	1996 £
Opening shareholders' funds	4,511,890	2,350,155
Profit for the financial year	1,075,748	2,161,735
	<u> </u>	<u> </u>
Closing shareholders' funds	5,587,638	4,511,890
	<u> </u>	<u> </u>

Edgar Astaire & Co. Limited
Report and Financial Statements
For the year ended 31st March 1997

14 Reconciliation of operating profit to net cash flow from operating activities

	1997	1996 £
Operating profit	1,493,685	3,117,504
Depreciation on tangible fixed assets	17,129	33,131
Positions in securities	1,875,338	(3,168,663)
Debtors	51,257,694	(91,851,371)
Creditors	(51,423,630)	92,923,263
	<hr/>	<hr/>
Net cash flow from operating activities	3,220,216	1,053,864
	<hr/>	<hr/>

15 Cash and cash equivalents

	1997 £	1996 £
Changes in the year:		
At 1st April	3,262,379	2,701,879
At 31st March	5,038,052	3,262,379
	<hr/>	<hr/>
Net cash inflow / (outflow)	1,775,673	560,500
	<hr/>	<hr/>

16 Capital commitments

	1997 £	1996 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	Nil	Nil

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17 Commitments

	1997 £	1996 £
Land and buildings		
Expiring in over five years	Nil	Nil
Expiring between two and five years	Nil	Nil
Expiring between one and two years	18,585	18,585
Other		
Expiring in over five years	Nil	Nil
Expiring between two and five years	Nil	Nil
Expiring between one and two years	Nil	8,388
Expiring in less than one year	Nil	5,023