

Kinetech Limited
Formerly Prebon Technology Services Limited
Report & Accounts
31 March 2000
Registered Number: 3810754



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Formerly Prebon Technology Services Limited
Report & Accounts
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Directors

Sarah Ann Collis
Jeremy Martin Gross
Geoffrey Frederick Sanderson

Secretary

Juliet Dearlove

Registered Office

164 Bishopsgate
London EC2M 4LZ

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 period ended 31 March 2000.

Business review

The Company was incorporated on 21 July 1999 as Mawlaw 446 Limited. Its name was changed on 26 July 1999 to Prebon Technology Services Limited and then on 22 May 2000 to Trading Systems Limited. The Company's name was subsequently changed again on 19 June 2000 to its current name of Kinetech Limited. The principal activity of the Company since incorporation has been the development and deployment of software. These activities are planned to continue for the foreseeable future. The Company also intends to hold all the intellectual property rights which had previously been developed or held in the Prebon Group.

Results and dividends

The loss on ordinary activities after taxation for the period was £6,132,000 which has been transferred to reserves.

The directors do not recommend payment of a dividend.

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

Liability insurance has been taken out 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 period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. 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 period were as follows:

Mawlaw Corporate Services Limited	(appointed 21 July 1999, resigned 26 July 1999)
Sarah Ann Collis	(appointed 15 June 2000)
Patrick Michael Keenan	(appointed 26 July 1999, resigned 9 April 2001)
Geoffrey Ronald Mayhill	(appointed 26 July 1999, resigned 15 June 2000)
Jeremy Martin Gross	(appointed 24 April 2001)
Geoffrey Frederick Sanderson	(appointed 3 April 2001)

Kinetech Limited
Formerly Prebon Technology Services Limited
Directors' Report – continued
31 March 2000

Directors and their interests *continued*

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

Patrick Keenan is a director of the ultimate holding company and details of his interest 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 period or at any time during the period.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office as auditors and the Company has elected pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually.

By Order of the Board



Juliet Dearlove
Secretary

20 September 2001

Registered Office:
164 Bishopsgate
London
EC2M 4LZ

Registered number
3810754

Auditors' Report to the Members of Kinetech Limited, Formerly Prebon Technology Services Limited

We have audited the financial statements on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3, 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 directors' report is not consistent with the financial statements, if the Company have 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.

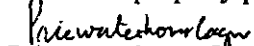
Basis of audit opinion

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 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 misstatements, 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 as at 31 March 2000 and of the loss of the Company for the period 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
20 September 2001

Kinetech Limited
Formerly Prebon Technology Services Limited
Profit and Loss Account
31 March 2000

	Note	8 months to 31 March 2000 £'000
Turnover	2	3
Administrative expenses	3	<u>(6,027)</u>
Operating loss	3	(6,024)
Interest payable	4	<u>(108)</u>
Loss on ordinary activities before taxation		(6,132)
Taxation	5	<u>-</u>
Loss on ordinary activities after taxation		<u>(6,132)</u>

There were no gains or losses in the financial period other than those shown above.

The results above are in respect of continuing operations.

Reconciliation of movements in shareholders' funds

Loss for the period and closing shareholders' funds	<u>(6,132)</u>
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The notes on pages 8 to 10 form an integral part of these accounts.

Kinetech Limited
Formerly Prebon Technology Services Limited
Balance Sheet
31 March 2000

	Note	£'000
Creditors (amounts falling due within one year)		
Amounts due to fellow subsidiaries		(6,024)
Accruals and deferred income		<u>(108)</u>
Total assets less current liabilities		<u><u>(6,132)</u></u>
Capital and reserves		
Share capital	6	-
Profit and loss account	7	<u>(6,132)</u>
Shareholders' funds		<u><u>(6,132)</u></u>

Approved by the board on 20 September 2001
and signed on their behalf by:



Sarah Collis - Director

The notes on pages 8 to 10 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.

a) Turnover

Turnover comprises trading systems revenue from software supplied to group undertakings. Turnover is stated net of value-added tax and other sales taxes.

b) 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.

c) Software development

Computer software development costs are written off as incurred except for purchases from third parties in respect of major systems. In such cases the costs are capitalised as Tangible Fixed Assets and written off over a maximum of three years from the date of implementation.

d) 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.

e) 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.

f) 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 Turnover

The Company's turnover and loss before taxation arose from the development and deployment of trading systems. All of the Company's activities are based in the United Kingdom.

Kinetech Limited
Formerly Prebon Technology Services Limited
Notes to the accounts continued
31 March 2000

3 Administrative expenses

Operating expenses are stated after charging:-

	8 months to 31 March 2000 £'000
Development costs recharged by fellow subsidiary undertakings	<u>4,211</u>

There were no employees during the period.

The directors were employed by the Fulton Prebon Group Limited during the period and a charge of £467,000 was made by Fulton Prebon Group Limited, the immediate parent undertaking, for their services.

The audit fees were borne by the immediate parent undertaking.

4 Interest payable

	8 months to 31 March 2000 £'000
Interest due to fellow subsidiary	<u>108</u>

5 Taxation

There is no tax charge due to the losses incurred in the period .

6 Share capital

	31 March 2000 £
Authorised: 100,000 ordinary shares of £1 each	<u>100,000</u>
Issued and fully paid: 100 ordinary shares of £1 each	<u>100</u>

7 Profit and loss account

	£'000
Deficit for the period and at 31 March 2000	<u>6,132</u>

8 Ultimate holding company

At 31 March 2000, the immediate holding company was Prebon Group Limited and the ultimate holding and controlling company was FPG Holdings Limited, which is registered in England and Wales.

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

With effect from 15 November 2000, the ultimate holding company has been Kinetech International Limited.

9 Subsequent events

On 7 August 2000 it was announced that the IT operations of the Prebon Group would be de-merged. It is the intention that the Company owns all the Intellectual Property generated within both the Prebon and Kinetech Groups. Subsequent to the year-end the Company acquired from fellow subsidiary undertakings, intellectual property with a value of £2.98m. On 14 November 2000, the Company was sold to Kinetech Holdings Limited and the demerger took place on 15 November 2000 (the "Demerger").

As a condition, imposed by Prebon Group's banking syndicate, of its consent to the Demerger, the Company entered into a Debenture in favour of HSBC Bank Plc (as security trustee) on 3 August 2001 (the "Debenture"). The Debenture creates a fixed charge over the Company's intellectual property and monetary claims and a floating charge over the remainder of the Company's assets.

10 Financial support

The directors of Kinetech International Limited have confirmed their intention to ensure that sufficient financial resource are available to Kinetech Limited to enable it to satisfy its liabilities as they fall due. In addition the Board of Directors of Prebon Group Limited has passed a resolution not to recall any debt due from Kinetech Limited for a period of 12 months from the date of the signing of these accounts.

