

Jersey Company registration number: 74794

FLD 22413

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**NARIB LIMITED**

**Report and Financial Statements**

**30 November 2001**

**Deloitte & Touche  
Chartered Accountants  
Jersey**



# **NARIB LIMITED**

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# **NARIB LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

E J Ocampo  
M C Slingo

### **SECRETARY AND REGISTERED OFFICE**

Mourant & Co. Secretaries Limited  
P.O. Box 87  
22 Grenville Street  
St. Helier  
Jersey JE4 8PX

### **AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Jersey

# **NARIB LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements for the year ended 30 November 2001.

### **RESULTS AND DIVIDENDS**

The loss for the year, after tax, was \$179,545 (2000: loss of \$27,860). No interim dividend was paid (2000: \$nil) and the Directors do not recommend the payment of a final dividend (2000: \$nil).

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of Narib Limited ("the Company") is to trade in securities. The Company is managed and controlled in the UK. The profit and loss account for the year is set out on page 5. Both the level of business during the year and the financial position at the end of the year were satisfactory. No significant change in the Company's principal business activity is anticipated.

### **DIRECTORS**

The following Directors held office throughout the year:

E J Ocampo  
M C Slingo

### **AUDITORS**

The Directors have obtained a waiver to dispense with Annual General Meetings of the members of the Company. As such, under Jersey Law, Deloitte & Touche will remain in office until formally removed.

By order of the Board of Directors



Director

E. J. Ocampo

16/9/02

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Jersey Company Law requires 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 of the company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NARIB LIMITED**

We have audited the financial statements of Narib Limited for the year ended 30 November 2001 which comprise the profit and loss account, the balance and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable Jersey law and United Kingdom accounting standards. Our responsibility is to audit the financial statements in accordance with relevant Jersey legal and regulatory requirements and United Kingdom auditing standards.

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 (Jersey) Law 1991. We report 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

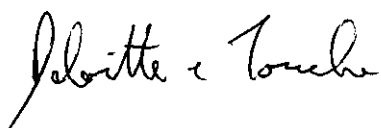
**Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 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 30 November 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.



**Deloitte & Touche**  
Chartered Accountants  
St Helier, Jersey

27 September 2002

# NARIB LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 30 November 2001

	Note	2001 \$	2000 \$
<b>TURNOVER</b>	2	(179,545)	(27,860)
<b>OPERATING LOSS</b>	3	(179,545)	(27,860)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(179,545)	(27,860)
Tax on loss on ordinary activities	4	-	-
<b>LOSS RETAINED FOR THE YEAR</b>	8	(179,545)	(27,860)

The above all relates to continuing operations.

There were no recognised gains and losses during the current or prior year other than those disclosed above.  
Accordingly no statement of recognised gains and losses has been prepared.

A reconciliation of the movement in shareholders' funds has been prepared in note 8 to the financial statements.

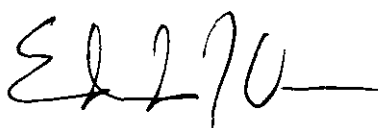
# NARIB LIMITED

## BALANCE SHEET 30 November 2001

	Note	2001 \$	2000 \$
<b>CURRENT ASSETS</b>			
Debtors	5	185,870	104
Cash		996	-
		<u>186,866</u>	<u>104</u>
<b>CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	6	(181,375)	(67)
<b>NET CURRENT ASSETS</b>		<u>5,491</u>	<u>37</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	200	16
Share premium account	8	184,815	-
Profit and loss account	8	(179,524)	21
<b>EQUITY SHAREHOLDERS' FUNDS</b>	8	<u>5,491</u>	<u>37</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



Director

E. J. Ocampo

16/9/02



**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 November 2001**

**1. ACCOUNTING POLICIES**

**a) Accounting convention**

The financial statements are prepared under the historical cost convention, as modified by the inclusion of financial instruments at market value as noted in note 1(c) below, and in accordance with applicable Jersey law and United Kingdom accounting standards.

**b) Preparation of financial statements in US dollars**

It is considered that a fairer reflection of the Company's activities is given by presenting the financial statements in US dollars, the functional currency of its ultimate holding company, since the US dollar is the main currency of the Company's primary economic environment.

**c) Financial instruments**

Financial instruments are stated at market value (bid or offer price for long and short positions respectively) at the balance sheet date, while profits and losses on derivative contracts are calculated by reference to market prices ruling at the balance sheet date. All financial instruments are recorded in the accounts on trade date.

**d) Foreign currencies**

All monetary assets and liabilities denominated in currencies other than US dollars are translated into US dollars at the rates ruling at the balance sheet date. Transactions in currencies other than US dollars are recorded at the rates ruling at the dates of the transactions. Translation differences are dealt with through the profit and loss account.

**e) Taxation**

UK Corporation tax is provided at amounts expected to be paid / recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The accounts reflect the implementation of Financial Reporting Standard ("FRS") 19 Deferred Tax. Deferred tax is recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

**f) Cash flow statement**

The Company's ultimate parent undertaking produces a cash flow statement. Accordingly, the Company, which is a wholly owned subsidiary, has elected to avail itself of the exemption provided in FRS 1 (Revised 1996) Cash Flow Statements, and not produce a cash flow statement.

**2. TURNOVER AND OPERATING LOSS**

Turnover represents income earned from trading in marketable securities and derivative contracts. Turnover, including net trading interest, is recorded on a trade date basis.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 November 2001**

**3. OPERATING LOSS**

The Company employed no staff during the year (2000: none). The Company paid no remuneration to its directors during the year (2000: \$nil). The audit fee has been borne by another group company (2000: same).

**4. TAX ON LOSS ON ORDINARY ACTIVITIES**

The Company has been granted exempt company status in Jersey. This status warrants an annual fee, which has been borne by another group company.

**(a) Analysis of tax charge in period:**

	2001 \$	2000 \$
UK corporation tax at 30 % (2000: 30%)		
- Current year	-	-
- Prior year adjustment	-	-
	<hr/>	<hr/>
Total current tax (see below)	<hr/>	<hr/>

The current year UK taxation charge is higher than the standard UK tax rate of 30%. The main differences are explained below:

**(b) Factors affecting the tax charge:**

	2001 \$	2000 \$
Loss on ordinary activities before tax	(179,545)	(27,860)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2000: 30%)	(53,864)	(8,358)

**Effects of:**

Differences between tax and accounting treatment of foreign exchange movements	-	(5,186,467)
Differences between tax and accounting treatment of debt instruments	-	82,679,866
Utilisation of tax losses	-	(77,485,051)
Group relief surrendered for nil consideration	53,864	-
	<hr/>	<hr/>
Current tax charge for the year	<hr/>	<hr/>

The company continues to have tax losses carried forward at nil value. The potential deferred tax asset of \$6,954,000 arising on losses carried forward has not been recognised owing to uncertainty regarding the level of profits.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 November 2001**

**5. DEBTORS**

	2001 \$	2000 \$
Corporation tax recoverable	91	91
Amounts due from group undertaking	185,779	13
	<u>185,870</u>	<u>104</u>

**6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001 \$	2000 \$
Bank loans and overdrafts	-	36
Amounts due to group undertaking	181,375	31
	<u>181,375</u>	<u>67</u>

**7. CALLED UP SHARE CAPITAL**

	2001	2000
<b>Authorised:</b>		
14,481 ordinary shares of \$1 each (2000: 10,000 ordinary shares of £1 each)	<u>\$14,481</u>	<u>£10,000</u>
<b>Allotted and fully paid:</b>		
200 ordinary shares of \$1 each (2000: 10 ordinary shares of £1 each)	<u>\$200</u>	<u>\$16</u>

The allotted shares have been translated at the historical foreign exchange rate.

On 11 September 2001, 9,990 unissued shares of the original authorised share capital of 10,000 shares of £1 each were cancelled. The 10 remaining shares were converted to 14.48 shares of \$1 each. The authorised share capital was then increased by the creation of 14,466.52 shares of \$1 each, bringing the total authorised share capital of the Company to 14,481 shares of \$1 each. At the same time, an additional 0.52 of a share of \$1 each was issued at par for cash consideration and 185 shares of \$1 each were issued for cash consideration of \$185,000.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 November 2001**

**8. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	Share capital	Share premium	Profit and loss account	Total
	\$	\$	\$	\$
At 1 December 2000	16	-	21	37
Shares issued during the year	184	184,815	-	184,999
Loss for the year	-	-	(179,545)	(179,545)
At 30 November 2001	200	184,815	(179,524)	5,491

**9. RELATED PARTY TRANSACTIONS**

Under paragraph 3(c) of FRS 8, Related Party Transactions, the Company is exempt from the requirement to disclose transactions with fellow group companies. There were no other related party transactions requiring disclosure.

**10. PARENT UNDERTAKING**

The ultimate parent undertaking and controlling entity is Morgan Stanley (previously called Morgan Stanley Dean Witter & Co.), which is incorporated in the United States of America. Copies of its financial statements can be obtained from 25 Cabot Square, Canary Wharf, London E14 4QA.

The immediate parent undertaking of the company is MSDW Fixed Income Limited, which is incorporated in Jersey. The parent undertaking of the smallest group of companies for which group financial statements are drawn up and of which the Company is a member is Morgan Stanley International Limited which is registered in England and Wales. Copies of its financial statements can be obtained from the Registrar of Companies for England and Wales, Companies House, 3 Crown Way, Maindy, Cardiff CF14 3UZ.