



SECURITI



SSION

136

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	September 30, 1998
Estimated average burden hours per response	12.00

SEC FILE NUMBER
8-18394

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2002 AND ENDING 12/31/2002  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

**NAME OF BROKER-DEALER:**

Rosenthal International Limited

OFFICIAL USE ONLY
FIRM ID. NO.

**ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)**

1370 Broadway

(No. and Street)

New York

NY

10018

(City)

(State)

(Zip Code)

**NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT**

John Clark

(212) 356-1425

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

**INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\***

Marks Paneth & Shron LLP

(Name - if individual, state last, first, middle name)

622 Third Avenue

New York

NY

10017

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 21 2003

THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

BB 121

OATH OR AFFIRMATION

I, Stephen J. Rosenthal, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Rosenthal International Limited, as of December 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Handwritten Signature]*  
\_\_\_\_\_  
Signature  
President  
\_\_\_\_\_  
Title

*Aleksandra S. Spalevic*  
\_\_\_\_\_  
Notary Public  
ALEKSANDRA S. SPALEVIC  
NOTARY PUBLIC, State of New York  
No. 01SP5085314  
Qualified in New York County  
Commission Expires September 22, 2005

This report contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent Auditor's Report on Internal Accounting Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**FORM  
X-17A-5**

**FOCUS REPORT**

OMB No. 3235-0123  
(5-31-87)

(Financial and Operational Combined Uniform Single Report)

**PART II** 11

3/90

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a)  16      2) Rule 17a-5(b)  17      3) Rule 17a-11  18
- 4) Special request by designated examining authority  19      5) Other  26

NAME OF BROKER-DEALER

Rosenthal International Limited 13

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

1370 Broadway 20

(No. and Street)

New York 21 NY 22 10018 23

(City)

(State)

(Zip Code)

SEC FILE NO.

8-18394 14

FIRM ID. NO.

13-2929674 15

FOR PERIOD BEGINNING (MM/DD/YY)

01/01/2002 24

AND ENDING (MM/DD/YY)

12/31/2002 25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John Clark 30

(Area Code)—Telephone No.

(212) 356-1425 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE 33

34 35

36 37

38 39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES  40 NO  41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT  42

**EXECUTION:**

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

Manual signatures of:

1) \_\_\_\_\_  
Principal Executive Officer or Managing Partner

2) \_\_\_\_\_  
Principal Financial Officer or Partner

3) \_\_\_\_\_  
Principal Operations Officer or Partner

**ATTENTION**—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 781(a))

WORKING COPY



**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**

Rosenthal International Limited

**N2**

100

**STATEMENT OF FINANCIAL CONDITION**

As of (MM/DD/YY) 12/31/2002

99

SEC FILE NO. 8-18394

98

Consolidated

198

Unconsolidated

199

**ASSETS**

	<u>Allowable</u>	<u>Nonallowable</u>	<u>Total</u>
1. Cash	\$ 54,416		\$ 54,416
	200		750
2. Cash segregated in compliance with federal and other regulations			760
	210		
3. Receivable from brokers or dealers and clearing organizations:			
A. Failed to deliver:			
1. Includable in "Formula for Reserve Requirements"	220		
2. Other	230		770
B. Securities borrowed:			
1. Includable in "Formula for Reserve Requirements"	240		
2. Other	250		780
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"	260		
2. Other	270		790
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"	280		
2. Other	290		800
E. Other	300	\$ 550	\$ 810
4. Receivables from customers:			
A. Securities accounts:			
1. Cash and fully secured accounts	310		
2. Partly secured accounts	320	560	
3. Unsecured accounts		570	
B. Commodity accounts	330		580
C. Allowance for doubtful accounts	335	590	820
5. Receivables from non-customers:			
A. Cash and fully secured accounts	340		
B. Partly secured and unsecured accounts	350	600	830
6. Securities purchased under agreements to resell	360	605	840
7. Securities and spot commodities owned, at market value:			
A. Bankers acceptances, certificates of deposit and commercial paper	100,000		370
B. U.S. and Canadian government obligations			380
C. State and municipal government obligations			390
D. Corporate obligations			400

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**

Rosenthal International Limited

as of 12/31/2002

**STATEMENT OF FINANCIAL CONDITION**

**ASSETS**

Allowable

Nonallowable

Total

E. Stocks and warrants	▼ \$	410		
F. Options		420		
G. Arbitrage		422		
H. Other securities		424		
I. Spot commodities		430		\$ 100,000 850
8. Securities owned not readily marketable:				
A. At Cost ▼ \$		130		
B. At estimated fair value		440	\$ 610	860
9. Other investments not readily marketable:				
A. At Cost .. \$		140		
B. At estimated fair value		450	620	870
10. Securities borrowed under subordination agree- ments and partners' individual and capital securities accounts, at market value:				
A. Exempted securities .. \$		150		
B. Other .. \$	▼	160	460	630
11. Secured demand notes- market value of collateral:				
A. Exempted securities .. \$		170		
B. Other .. \$		180	470	640
12. Memberships in exchanges:				
A. Owned, at market value. . . . \$		190		
B. Owned at cost			650	
C. Contributed for use of company, at market value			660	900
13. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480	716,656 670	716,656 910
14. Property, furniture, equipment, leasehold improvements and rights under lease agreements: At cost (net of accumulated depreciation and amortization)		490	680	920
15. Other Assets:				
A. Dividends and interest receivable		500	690	
B. Free shipments		510	700	
C. Loans and advances		520	710	
D. Miscellaneous	▼	4,595 530	720	4,595 930
16. TOTAL ASSETS	\$	159,011 540	\$ 716,656 740	\$ 875,667 940

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**  
Rosenthal International Limited

as of 12/31/2002

**STATEMENT OF FINANCIAL CONDITION**

**LIABILITIES AND OWNERSHIP EQUITY**

<u>Liabilities</u>	<u>A.I. Liabilities *</u>	<u>Non-A.I. Liabilities *</u>	<u>Total</u>
17. Bank loans payable:			
A. Includable in "Formula for Reserve Requirements" .....	\$ 1030	\$ 1240	\$ 1460
B. Other .....	1040	1250	1470
18. Securities sold under repurchase agreements ..		1260	1480
19. Payable to brokers or dealers and clearing organizations:			
A. Failed to receive:			
1. Includable in "Formula for Reserve Requirements" .....	1050	1270	1490
2. Other .....	1060	1280	1500
B. Securities loaned:			
1. Includable in "Formula for Reserve Requirements" .....	1070		1510
2. Other .....	1080	1290	1520
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements" .....	1090		1530
2. Other .....	1095	1300	1540
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements" .....	1100		1550
2. Other .....	1105	1310	1560
E. Other .....	1110	1320	1570
20. Payable to customers:			
A. Securities accounts -including free credits of .....	\$ 950	1120	1580
B. Commodities accounts .....	1130	1330	1590
21. Payable to non-customers:			
A. Securities accounts .....	1140	1340	1600
B. Commodities accounts .....	1150	1350	1610
22. Securities sold not yet purchased at market value - including arbitrage of .....	\$ 960	1360	1620
23. Accounts payable and accrued liabilities and expenses:			
A. Drafts payable .....	1160		1630
B. Accounts payable .....	1170		1640
C. Income taxes payable .....	1180		1650
D. Deferred income taxes .....		1370	1660
E. Accrued expenses and other liabilities .....	2,500		2,500
F. Other .....	1190	1380	1680

OMIT PENNIES

\*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**  
Rosenthal International Limited

as of 12/31/2002

**STATEMENT OF FINANCIAL CONDITION**

**LIABILITIES AND OWNERSHIP EQUITY (continued)**

<u>Liabilities</u>	<u>A.I. Liabilities *</u>	<u>Non-A.I. Liabilities *</u>	<u>Total</u>
24. Notes and mortgages payable:			
A. Unsecured .....	\$ <u>1210</u>		\$ <u>1690</u>
B. Secured .....	25 <u>1211</u>	\$ <u>1390</u>	1700
25. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings .....		<u>1400</u>	<u>1710</u>
1. from outsiders 24 \$ <u>970</u>			
2. Includes equity subordination (15c3-1 (d)) of ..... \$ <u>980</u>			
B. Securities borrowings, at market value:		<u>1410</u>	<u>1720</u>
from outsiders \$ <u>990</u>			
C. Pursuant to secured demand note collateral agreements; .....		<u>1420</u>	27 <u>1730</u>
1. from outsiders \$ <u>1000</u>			
2. Includes equity subordination (15c3-1 (d)) of ..... \$ <u>1010</u>			
D. Exchange memberships contributed for use of company at market value .....		26 <u>1430</u>	<u>1740</u>
E. Accounts and other borrowings not qualified for net capital purposes .....	<u>1220</u>	<u>1440</u>	<u>1750</u>
26. TOTAL LIABILITIES .....	\$ <u>2,500</u> <u>1230</u>	\$ <u>1450</u>	\$ <u>2,500</u> <u>1760</u>

**Ownership Equity**

27. Sole proprietorship .....		\$ <u>1770</u>
28. Partnership- limited partners ..... \$ <u>1020</u> .....		<u>1780</u>
29. Corporation:		
A. Preferred stock .....		<u>1791</u>
B. Common stock .....	28 <u>250,000</u>	<u>1792</u>
C. Additional paid-in capital .....		<u>1793</u>
D. Retained earnings .....	<u>623,167</u>	<u>1794</u>
E. Total .....		<u>1795</u>
F. Less capital stock in treasury .....		<u>1796</u>
30. TOTAL OWNERSHIP EQUITY .....		\$ <u>873,167</u> <u>1800</u>
31. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....		\$ <u>875,667</u> <u>1810</u>

OMIT PENNIES

\*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**  
Rosenthal International Limited

as of 12/31/2002

**COMPUTATION OF NET CAPITAL**

1. Total ownership equity (from Statement of Financial Condition – Item 1800).....	\$	873,167	<b>3480</b>
2. Deduct: Ownership equity not allowable for net capital .....	(		<b>3490</b>
3. Total ownership equity qualified for net capital.....		873,167	<b>3500</b>
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....			<b>3520</b>
B. Other (deductions) or allowable credits (List).....			<b>3525</b>
5. Total capital and allowable subordinated liabilities.....	\$	873,167	<b>3530</b>
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Note B and C) .....	\$	716,656	<b>3540</b>
1. Additional charges for customers' and non-customers' security accounts .....			<b>3550</b>
2. Additional charges for customers' and non-customers' commodity accounts .....			<b>3560</b>
B. Aged fail-to-deliver: .....			<b>3570</b>
1. Number of items .....	▼ <sub>29</sub>		<b>3450</b>
C. Aged short security differences-less reserve of .....	\$	3460	<b>3580</b>
number of items.....		3470	
D. Secured demand note deficiency.....			<b>3590</b>
E. Commodity futures contracts and spot commodities proprietary capital charges .....			<b>3600</b>
F. Other deductions and/or charges .....		20,000	<b>3610</b>
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ..			<b>3615</b>
H. Total deductions and/or charges .....		736,656	<b>3620</b>
7. Other additions and/or allowable credits (List).....			<b>3630</b>
8. Net Capital before haircuts on securities positions .....	\$	136,511	<b>3640</b>
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1 (f) ):			
A. Contractual securities commitments .....			<b>3660</b>
B. Subordinated securities borrowings.....			<b>3670</b>
C. Trading and Investment securities:			
1. Bankers' acceptances, certificates of deposit and commercial paper .....	▼ <sub>31</sub>		<b>3680</b>
2. U.S. and Canadian government obligations .....			<b>3690</b>
3. State and municipal government obligations .....			<b>3700</b>
4. Corporate obligations .....			<b>3710</b>
5. Stocks and warrants .....			<b>3720</b>
6. Options .....			<b>3730</b>
7. Arbitrage .....			<b>3732</b>
8. Other securities .....	▼ <sub>32</sub>		<b>3734</b>
D. Undue concentration.....			<b>3650</b>
E. Other (list).....			<b>3736</b>
10. Net Capital .....	\$	136,511	<b>3750</b>

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**

Rosenthal International Limited

as of 12/31/2002

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

11. Minimum net capital required (6-2/3% of line 19)	\$	167	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	25,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	25,000	3760
14. Excess net capital (line 10 less 13)	\$	111,511	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	136,261	3780

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total A.I. liabilities from Statement of Financial Condition	\$	2,500	3790
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	3830
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1 (c) (1) (vii))	\$		3838
19. Total aggregate indebtedness	\$	2,500	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	1.83%	3850
21. Percentage of Aggregate Indebtedness to net capital <u>after</u> anticipated capital withdrawals (line 19 ÷ by line 10 less Item 4880 page 11)	%	1.83%	3853

**COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT**

**Part B**

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880
24. Net capital requirement (greater of line 22 or 23)	\$	3760
25. Excess net capital (line 10 less 24)	\$	3910
26. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line 17 page 8)	%	3851
27. Percentage of Net Capital, <u>after</u> anticipated capital withdrawals, to Aggregate Debits (line 10 less Item 4880 page 11 ÷ by line 17 page 8)	%	3854
28. Net capital in excess of: 5% of combined aggregate debit items or \$120,000	\$	3920

**OTHER RATIOS**

**Part C**

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	.2855%	3860
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital	%		3852

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:  
1. Minimum dollar net capital requirement, or  
2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**PART II—FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT**

<b>BROKER OR DEALER</b>	For the period (MMDDYY) from <u>01/01/2002</u> <b>3932</b> to <u>12/31/20</u> <b>3933</b>	
Rosenthal International Limited	Number of months included in this statement	<b>3931</b>

**REVENUE**

**STATEMENT OF INCOME (LOSS)**

<b>1. Commissions:</b>		
a. Commissions on transactions in listed equity securities executed on an exchange .....	\$	<b>3935</b>
b. Commissions on transactions in exchange listed equity securities executed over-the-counter .....		<b>3937</b>
c. Commissions on listed option transactions .....		<b>3938</b>
d. All other securities commissions .....	▼	<b>3939</b>
e. Total securities commissions .....		<b>3940</b>
<b>2. Gains or losses on firm securities trading accounts</b>		
a. From market making in over-the-counter equity securities .....		<b>3941</b>
i. Includes gains or (losses) OTC market making in exchange listed equity securities .....	<b>3943</b>	
b. From trading in debt securities .....		<b>3944</b>
c. From market making in options on a national securities exchange .....		<b>3945</b>
d. From all other trading .....		<b>3949</b>
e. Total gains or (losses) .....		<b>3950</b>
<b>3. Gains or losses on firm securities investment accounts</b>		
a. Includes realized gains (losses) .....	<b>4235</b>	
b. Includes unrealized gains (losses) .....	<b>4236</b>	
c. Total realized and unrealized gains (losses) .....	▼	<b>3952</b>
<b>4. Profits or (losses) from underwriting and selling groups</b>		
a. Includes underwriting income from corporate equity securities .....	<b>4237</b>	<b>3955</b>
<b>5. Margin interest</b> .....		
		<b>3960</b>
<b>6. Revenue from sale of investment company shares</b> .....		
		<b>3970</b>
<b>7. Fees for account supervision, investment advisory and administrative services</b> .....		
		<b>3975</b>
<b>8. Revenue from research services</b> .....		
		<b>3980</b>
<b>9. Commodities revenue</b> .....		
		<b>3990</b>
<b>10. Other revenue related to securities business</b> .....		
	▼	<b>3985</b>
<b>11. Other revenue Recovery of bad debts</b> .....		
	32,531	<b>3995</b>
	6,614	
<b>12. Total revenue</b> .....		
	\$	<b>39,145 4030</b>

**EXPENSES**

<b>13. Registered representatives' compensation</b> .....		
	\$	8,000 <b>4110</b>
<b>14. Clerical and administrative employees' expenses</b> .....		
		5,000 <b>4040</b>
<b>15. Salaries and other employment costs for general partners, and voting stockholder officers</b> .....		
		<b>4120</b>
a. Includes interest credited to General and Limited Partners capital accounts .....	<b>4130</b>	
<b>16. Floor brokerage paid to certain brokers (see definition)</b> .....		
		<b>4055</b>
<b>17. Commissions and clearance paid to all other brokers (see definition)</b> .....		
	▼	<b>4145</b>
<b>18. Clearance paid to non-brokers (see definition)</b> .....		
		<b>4135</b>
<b>19. Communications</b> .....		
		2,000 <b>4060</b>
<b>20. Occupancy and equipment costs</b> .....		
		<b>4080</b>
<b>21. Promotional costs</b> .....		
		<b>4150</b>
<b>22. Interest expense</b> .....		
		<b>4075</b>
a. Includes interest on accounts subject to subordination agreements .....	<b>4070</b>	
<b>23. Losses in error account and bad debts</b> .....		
		<b>4170</b>
<b>24. Data processing costs (including service bureau service charges)</b> .....		
	▼	<b>4188</b>
<b>25. Non-recurring charges</b> .....		
		<b>4190</b>
<b>26. Regulatory fees and expenses</b> .....		
		1,402 <b>4195</b>
<b>27. Other expenses</b> .....		
		6,777 <b>4100</b>
<b>28. Total expenses</b> .....		
	\$	23,179 <b>4200</b>

**NET INCOME**

<b>29. Income (loss) before Federal income taxes and items below (Item 12 less Item 28)</b> .....		
	\$	15,966 <b>4210</b>
<b>30. Provision for Federal income taxes (for parent only)</b> .....		
		2,498 <b>4220</b>
<b>31. Equity in earnings (losses) of unconsolidated subsidiaries not included above</b> .....		
	▼	<b>4222</b>
a. After Federal income taxes of .....	▼	<b>4238</b>
<b>32. Extraordinary gains (losses)</b> .....		
		<b>4224</b>
a. After Federal income taxes of .....	<b>4239</b>	
<b>33. Cumulative effect of changes in accounting principles</b> .....		
		<b>4225</b>
<b>34. Net income (loss) after Federal income taxes and extraordinary items</b> .....		
	\$	13,468 <b>4230</b>

**MONTHLY INCOME**

<b>35. Income (current month only) before provision for Federal income taxes and extraordinary items</b> .....		
	\$	<b>4211</b>

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**

as of 12/31/2002

Rosenthal International Limited

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKER-DEALERS UNDER RULE 15c3-3  
(See Rule 15c3-3, Exhibit A and Related Notes)**

**CREDIT BALANCES**

1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3)	4340
2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B)	4350
3. Monies payable against customers' securities loaned (see Note C)	4360
4. Customers' securities failed to receive (see Note D)	4370
5. Credit balances in firm accounts which are attributable to principal sales to customers	4380
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days	4390
7. **Market value of short security count differences over 30 calendar days old	4400
8. **Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days	4410
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days	4420
10. Other (List)	4425
11. TOTAL CREDITS	\$ NONE 4430

**DEBIT BALANCES**

12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3	4440
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver	4450
14. Failed to deliver of customers' securities not older than 30 calendar days	4460
15. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts (See Note F)	4465
16. Other (List)	4469
17. **Aggregate debit items	\$ 4470
18. **less 3% (for alternative method only — see Rule 15c3-1 (f) (5) (ii))	( ) 4471
19. **TOTAL 15c3-3 DEBITS	\$ 4472

**RESERVE COMPUTATION**

20. Excess of total debits over total credits (line 19 less line 11)	\$ NONE 4480
21. Excess of total credits over total debits (line 11 less line 19)	4490
22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits	4500
23. Amount held on deposit in "Reserve Bank Account(s)", including value of qualified securities, at end of reporting period	4510
24. Amount of deposit (or withdrawal) including \$ 4515 value of qualified securities	4520
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ 4525 value of qualified securities	\$ 4530
26. Date of deposit (MMDDYY)	4540

OMIT PENNIES

**FREQUENCY OF COMPUTATION**

27. Daily <input type="checkbox"/> <u>4332</u> Weekly <input type="checkbox"/> <u>4333</u> Monthly <input type="checkbox"/> <u>4334</u>
---

\*\*In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**  
Rosenthal International Limited

as of 12/31/2002

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)**

**EXEMPTIVE PROVISIONS**

28. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 .....	▼	<u>4550</u>
B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained .....		<u>4560</u>
C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm: <u>4335</u> .....		<u>4570</u>
D. (k) (3)—Exempted by order of the Commission .....		<u>4580</u>

**Information for Possession or Control Requirements Under Rule 15c3-3**

State the market valuation and the number of items of:

1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3. Notes A and B .....			\$	NONE	<u>4586</u>
A. Number of Items .....				NONE	<u>4587</u>
2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3. Notes B, C and D .....			\$	NONE	<u>4588</u>
A. Number of Items .....				NINE	<u>4589</u>
OMIT PENNIES					
3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3 .....				Yes <input checked="" type="checkbox"/>	<u>4584</u>
				No	<u>4585</u>

**NOTES**

- A—Do not include in item one customers' fully paid and excess margin securities required by Rule 15c 3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent within the time frames specified under Rule 15c3-3.
- B—State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C—Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D—Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

<b>BROKER OR DEALER</b> Rosenthal International Limited	as of <u>12/31/2002</u>
--	-------------------------

**SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION  
CUSTOMERS' REGULATED COMMODITY FUTURES ACCOUNTS**

**SEGREGATION REQUIREMENTS**

<b>1. Net ledger balance:</b>	
A. Cash .....	\$ <span style="border: 1px solid black; padding: 2px;">7010</span>
B. Securities (at market) .....	<span style="border: 1px solid black; padding: 2px;">7020</span>
<b>2. Net unrealized profit (loss) in open futures contracts traded on a contract market .....</b>	<b><span style="border: 1px solid black; padding: 2px;">7030</span></b>
<b>3. Exchange traded options:</b>	
A. Add: Market Value of open option contracts purchased on a contract market .....	<span style="border: 1px solid black; padding: 2px;">7032</span>
B. Deduct: Market Value of open option contracts granted (sold) on a contract market .....	( <span style="border: 1px solid black; padding: 2px;">7033</span> )
<b>4. Net equity (deficit) (total of 1, 2 and 3) .....</b>	<b><span style="border: 1px solid black; padding: 2px;">7040</span></b>
<b>5. Add accounts liquidating to a deficit and accounts with debit balances with no open trades .....</b>	<b><span style="border: 1px solid black; padding: 2px;">7050</span></b>
<b>6. Amount required to be segregated (total of 4 and 5) .....</b>	<b><span style="border: 1px solid black; padding: 2px;">7060</span></b>

**FUNDS ON DEPOSIT IN SEGREGATION**

<b>7. Deposited in segregated funds bank accounts:</b>	
A. Cash .....	\$ <span style="border: 1px solid black; padding: 2px;">7070</span>
B. Securities representing investments of customers' funds (at market) .....	<span style="border: 1px solid black; padding: 2px;">7080</span>
C. Securities held for particular customers or option customers in lieu of cash (at market) .....	<span style="border: 1px solid black; padding: 2px;">7090</span>
<b>8. Margins on deposit with clearing organizations of contract markets:</b>	
A. Cash .....	<span style="border: 1px solid black; padding: 2px;">7100</span>
B. Securities representing investments of customers' funds (at market) .....	<span style="border: 1px solid black; padding: 2px;">7110</span>
C. Securities held for particular customers or option customers in lieu of cash (at market) .....	<span style="border: 1px solid black; padding: 2px;">7120</span>
<b>9. Settlement due from (to) clearing organizations of contract markets .....</b>	<b><span style="border: 1px solid black; padding: 2px;">7130</span></b>
<b>10. Exchange traded options:</b>	
A. Add: Unrealized receivables for option contracts purchased on contract markets .....	<span style="border: 1px solid black; padding: 2px;">7132</span>
B. Deduct: Unrealized obligations for option contracts granted (sold) on contract markets .....	<span style="border: 1px solid black; padding: 2px;">7133</span>
<b>11. Net equities with other FCMs .....</b>	<b><span style="border: 1px solid black; padding: 2px;">7140</span></b>
<b>12. Segregated funds on hand:</b>	
A. Cash .....	<span style="border: 1px solid black; padding: 2px;">7150</span>
B. Securities representing investments of customers' funds (at market) .....	<span style="border: 1px solid black; padding: 2px;">7160</span>
C. Securities held for particular customers in lieu of cash (at market) .....	<span style="border: 1px solid black; padding: 2px;">7170</span>
<b>13. Total amount in segregation (total of 7 through 12) .....</b>	<b>\$ <span style="border: 1px solid black; padding: 2px;">7180</span></b>
<b>14. Excess (insufficiency) funds in segregation (13 minus 6) .....</b>	<b>\$ <span style="border: 1px solid black; padding: 2px;">7190</span></b>

NONE

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II**

**BROKER OR DEALER**  
Rosenthal International Limited

as of 12/31/2000

**Ownership Equity and Subordinated Liabilities maturing or proposed to be  
withdrawn within the next six months and accruals, (as defined below),  
which have not been deducted in the computation of Net Capital.**

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
▼	4600	4601	4602 \$	4603	4604 4605
▼	4610	4611	4612	4613	4614 4615
▼	4620	4621	4622	4623	4624 4625
▼	4630	4631	4632	4633	4634 4635
▼	4640	4641	4642	4643	4644 4645
▼	4650	4651	4652	4653	4654 4655
▼	4660	4661	4662	4663	4664 4665
▼	4670	4671	4672	4673	4674 4675
▼	4680	4681	4682	4683	4684 4685
▼	4690	4691	4692	4693	4694 4695
			TOTAL \$ ▼	NONE	4699*

OMIT PENNIES

\*To agree with the total on Recap (Item No. 4880)

**Instructions:** Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:	DESCRIPTION
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals
4.	15c3-1(c)(2)(iv) Liabilities

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT**  
**Capital Withdrawals**  
**PART II**

**BROKER OR DEALER**

For the period (MMDDYY) from 02/01/2002 to 12/31/2002

Rosenthal International Limited

**RECAP**

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, which have not been deducted in the computation of net capital.

**1. Equity Capital**

**A. Partnership Capital:**

1. General Partners	\$	4700
2. Limited		4710
3. Undistributed Profits		4720
4. Other (describe below)		4730
5. Sole Proprietorship		4735

**B. Corporation Capital:**

1. Common Stock		4740
2. Preferred Stock		4750
3. Retained Earnings (Dividends and Other)		4760
4. Other (describe below)		4770

**2. Subordinated Liabilities**

A. Secured Demand Notes	4780
B. Cash Subordinations	4790
C. Debentures	4800
D. Other (describe below)	4810

**3. Other Anticipated Withdrawals**

A. Bonuses	4820
B. Voluntary Contributions to Pension or Profit Sharing Plans	4860
C. Other (describe below)	4870

Total ..... \$ 4880

**4. Description of Other**

---



---



---

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY**  
**(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period		\$ 859,699	4240
A. Net income (loss)		13,468	4250
B. Additions (Includes non-conforming capital of	\$ <span style="border: 1px solid black; padding: 2px;">4262</span>		4260
C. Deductions (Includes non-conforming capital of	\$ <span style="border: 1px solid black; padding: 2px;">4272</span>		4270
2. Balance, end of period (From Item 1800)		\$ 873,167	4290

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED**  
**TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period		\$ NONE	4300
A. Increases			4310
B. Decreases			4320
4. Balance, end of period (From item 3520)		\$ NONE	4330

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

**BROKER OR DEALER**

Rosenthal Internatinal Limited

as of 12/31/2002

## FINANCIAL AND OPERATIONAL DATA

1.	Month end total number of stock record breaks unresolved over three business days	Valuation	Number
	A. breaks long	\$ <span style="border: 1px solid black; padding: 2px;">4890</span>	<span style="border: 1px solid black; padding: 2px;">4900</span>
	B. breaks short	\$ <span style="border: 1px solid black; padding: 2px;">4910</span>	<span style="border: 1px solid black; padding: 2px;">4920</span>
2.	Is the firm in compliance with Rule 17a-13 regarding periodic count and verification of securities positions and locations at least once in each calendar quarter? (Check one)	Yes <input checked="" type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">4930</span>	No <input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">4940</span>
	A) If response is negative attach explanation of steps being taken to comply with Rule 17a-13.		
3.	Personnel employed at end of reporting period:		
	A. Income producing personnel	<span style="border: 1px solid black; padding: 2px;">1</span>	<span style="border: 1px solid black; padding: 2px;">4950</span>
	B. Non-income producing personnel (all other)	<span style="border: 1px solid black; padding: 2px;">1</span>	<span style="border: 1px solid black; padding: 2px;">4960</span>
	C. Total	<span style="border: 1px solid black; padding: 2px;">2</span>	<span style="border: 1px solid black; padding: 2px;">4970</span>
4.	Actual number of tickets executed during current month of reporting period	<span style="border: 1px solid black; padding: 2px;">0</span>	<span style="border: 1px solid black; padding: 2px;">4980</span>
5.	Number of corrected customer confirmations mailed after settlement date	<span style="border: 1px solid black; padding: 2px;">0</span>	<span style="border: 1px solid black; padding: 2px;">4990</span>
	No. of Items	Debit (Short Value)	No. of Items
6.	Money differences	\$ <span style="border: 1px solid black; padding: 2px;">5000</span>	\$ <span style="border: 1px solid black; padding: 2px;">5030</span>
7.	Security suspense accounts	\$ <span style="border: 1px solid black; padding: 2px;">5040</span>	\$ <span style="border: 1px solid black; padding: 2px;">5070</span>
8.	Security difference accounts	\$ <span style="border: 1px solid black; padding: 2px;">5080</span>	\$ <span style="border: 1px solid black; padding: 2px;">5110</span>
9.	Commodity suspense accounts	\$ <span style="border: 1px solid black; padding: 2px;">5120</span>	\$ <span style="border: 1px solid black; padding: 2px;">5150</span>
10.	Open transactions with correspondents, other brokers, clearing organizations, depositories and interoffice and intercompany accounts which could result in a charge-unresolved amounts over 30 calendar days	<span style="border: 1px solid black; padding: 2px;">5160</span> \$ <span style="border: 1px solid black; padding: 2px;">5170</span>	<span style="border: 1px solid black; padding: 2px;">5180</span> \$ <span style="border: 1px solid black; padding: 2px;">5190</span>
11.	Bank account reconciliations-unresolved amounts over 30 calendar days	<span style="border: 1px solid black; padding: 2px;">5200</span> \$ <span style="border: 1px solid black; padding: 2px;">5210</span>	<span style="border: 1px solid black; padding: 2px;">5220</span> \$ <span style="border: 1px solid black; padding: 2px;">5230</span>
12.	Open transfers over 40 calendar days, not confirmed	<span style="border: 1px solid black; padding: 2px;">5240</span> \$ <span style="border: 1px solid black; padding: 2px;">5250</span>	<span style="border: 1px solid black; padding: 2px;">5260</span> \$ <span style="border: 1px solid black; padding: 2px;">5270</span>
13.	Transactions in reorganization accounts-over 60 calendar days	<span style="border: 1px solid black; padding: 2px;">5280</span> \$ <span style="border: 1px solid black; padding: 2px;">5290</span>	<span style="border: 1px solid black; padding: 2px;">5300</span> \$ <span style="border: 1px solid black; padding: 2px;">5310</span>
14.	Total	NONE <span style="border: 1px solid black; padding: 2px;">5320</span> \$ <span style="border: 1px solid black; padding: 2px;">5330</span>	NONE <span style="border: 1px solid black; padding: 2px;">5340</span> \$ <span style="border: 1px solid black; padding: 2px;">5350</span>
15.	Failed to deliver 5 business days or longer (21 business days or longer in the case of Municipal Securities)	No. of Items	Market Value
		<span style="border: 1px solid black; padding: 2px;">5360</span> \$ <span style="border: 1px solid black; padding: 2px;">5361</span>	\$ <span style="border: 1px solid black; padding: 2px;">5362</span>
16.	Failed to receive 5 business days or longer (21 business days or longer in the case of Municipal Securities)	<span style="border: 1px solid black; padding: 2px;">5363</span> \$ <span style="border: 1px solid black; padding: 2px;">5364</span>	\$ <span style="border: 1px solid black; padding: 2px;">5365</span>
17.	Security concentrations (See instructions in Part I)		
	A. Proprietary positions		\$ <span style="border: 1px solid black; padding: 2px;">5370</span>
	B. Customers' accounts under Rule 15c3-3		\$ <span style="border: 1px solid black; padding: 2px;">5374</span>
18.	Total of personal capital borrowings due within six months		\$ <span style="border: 1px solid black; padding: 2px;">N/A</span> <span style="border: 1px solid black; padding: 2px;">5378</span>
19.	Maximum haircuts on underwriting commitments during the period		\$ <span style="border: 1px solid black; padding: 2px;">N/A</span> <span style="border: 1px solid black; padding: 2px;">5380</span>
20.	Planned capital expenditures for business expansion during next six months		\$ <span style="border: 1px solid black; padding: 2px;">NONE</span> <span style="border: 1px solid black; padding: 2px;">5382</span>
21.	Liabilities of other individuals or organizations guaranteed by respondent		\$ <span style="border: 1px solid black; padding: 2px;">NONE</span> <span style="border: 1px solid black; padding: 2px;">5384</span>
22.	Lease and rentals payable within one year		\$ <span style="border: 1px solid black; padding: 2px;">5386</span>
23.	Aggregate lease and rental commitments payable for entire term of the lease		
	A. Gross		\$ <span style="border: 1px solid black; padding: 2px;">N/A</span> <span style="border: 1px solid black; padding: 2px;">5388</span>
	B. Net		\$ <span style="border: 1px solid black; padding: 2px;">N/A</span> <span style="border: 1px solid black; padding: 2px;">5390</span>

OMIT PENNIES



Marks Paneth  
& Shron LLP

*Certified Public Accountants  
and Consultants*

### Independent Auditors' Report on Internal Control

Board of Directors  
Rosenthal International Limited

In planning and performing our audit of the financial statements of Rosenthal International Limited (the Company) for the year ended December 31, 2002, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g) (1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(1)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3 of the SEC. As of December 31, 2002, the Company was in compliance with the conditions of exemption and no facts came to our attention indicating that such conditions had not been complied with during the year. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and the comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether these practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

622 Third Avenue  
New York, NY 10017-6701  
Telephone 212 503 8800  
Facsimile 212 370 3759

88 Froehlich Farm Boulevard  
Woodbury, NY 11797-2921  
Telephone 516 992 5900  
Facsimile 516 992 5800

Website [www.markspaneth.com](http://www.markspaneth.com)  
Associated worldwide  
with *Jeffreys Henry*  
International 

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, which we consider to be material weaknesses as defined above.

We understand that practices and procedures, that accomplish the objectives referred to in the second paragraph of this report, are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe the Company's practices and procedures were adequate at December 31, 2002, to meet the SEC's objectives.

This report is intended solely for the use of management, the SEC, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their Regulation of Registered Brokers and Dealers, and should not be used for any other purpose.

*Marks Paneth & Shum LLP*

February 5, 2003

**ROSENTHAL INTERNATIONAL LIMITED**

**Financial Statements**

**December 31, 2002**

**CONFIDENTIAL**



Marks Paneth  
& Shron LLP

*Certified Public Accountants  
and Consultants*

### Independent Auditors' Report

Board of Directors  
Rosenthal International Limited

We have audited the accompanying statement of financial condition of Rosenthal International Limited as of December 31, 2002, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rosenthal International Limited as of December 31, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedules of Computation and Reconciliation of Net Capital Pursuant to Rule 15c3-1, Computation for Determination of Reserve Requirements pursuant to Rule 15c3-3 and the schedules contained on pages 10 through 13 of the financial and operational combined uniform single report is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Marks Paneth & Shron LLP*

February 5, 2003

622 Third Avenue  
New York, NY 10017-6701  
Telephone 212 503 8800  
Facsimile 212 370 3759

88 Froehlich Farm Boulevard  
Woodbury, NY 11797-2921  
Telephone 516 992 5900  
Facsimile 516 992 5800

Website [www.markspaneth.com](http://www.markspaneth.com)  
Associated worldwide  
with Jeffrey's Henry  
International 

**ROSENTHAL INTERNATIONAL LIMITED**

**Statement of Cash Flows**

**For The Year Ended December 31, 2002**

**CASH FLOW FROM OPERATING ACTIVITIES:**

Net income		\$ 13,468
Changes in assets and liabilities		
Receivable from affiliate	\$ (16,107)	
Other assets	804	
Other liabilities	<u>1,250</u>	
Total adjustments		<u>(14,053)</u>
Net cash used for operating activities		(585)

**CASH FLOW FROM INVESTING ACTIVITIES:**

Sale of Treasury Bill		<u>99,800</u>
Increase in cash		99,215

CASH AND CASH EQUIVALENT— beginning of year 55,201

CASH AND CASH EQUIVALENT— end of year \$ 154,416

**Supplemental Disclosure of Cash Flow Information**

Cash payments for:

Income taxes		<u>\$ 6,061</u>
--------------	--	-----------------

The accompanying notes are an integral part of the financial statements.

# ROSENTHAL INTERNATIONAL LIMITED

## Notes to Financial Statements

For The Year Ended December 31, 2002

### NOTE 1: ORGANIZATION AND NATURE OF BUSINESS

Rosenthal International Limited (the Company) was incorporated on January 12, 1968 in the Bahama Islands under Chapter 184 of the Bahamas Company Act. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. (NASD).

The Company currently has limited activity consisting of holding cash for its own account.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) Securities transactions, purchases and sales, are recorded on the settlement date. Generally, payment for the securities and delivery of same are made on the same date.
- (b) All positions of the Respondent in debt securities or debt obligations are shown net of any position or interest therein, which has been sold by the Respondent participated out to other investors.
- (c) The "Market Value" of each debt obligation (including a series of notes constituting a group or a single issuance or purchase) is determined on the date of its acquisition by the Respondent, by discounting its face value to produce a yield equivalent to that rate of interest per annum at which such obligations of the particular issuer would be marketable in the markets maintained by dealers, banks and institutional investors in the United States, Canada, Bahamas and Western Europe for the same or similar issues.
- (d) For cash flow purposes, the Company considers cash in banks and investments in securities with an original maturity of three months or less to be cash equivalents.
- (e) The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that can affect certain reported amounts and disclosures. Actual results could differ from these estimates.

### NOTE 3: NET CAPITAL

Pursuant to the net capital provisions of Rule 15c3-1 or the Securities Exchange Act of 1934, the Respondent is required to maintain a minimum net capital as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2002, the Respondent had net capital and net capital requirements of approximately \$136,511 and \$25,000, respectively. The Respondent's aggregate indebtedness to net capital ratio was 1.83 %.

**ROSENTHAL INTERNATIONAL LIMITED**

**Notes to Financial Statements (continued)**

**For The Year Ended December 31, 2002**

**NOTE 4: SECURITIES INVESTOR PROTECTION CORPORATION**

Pursuant to Regulation 240.17a-5(e) (4) the Company is a member of the Security Investor Protection Corporation (SIPC), and is subject only to the minimum annual assessment. The Company has filed its SIPC-7 general reconciliation form accordingly.

**NOTE 5: RELATED PARTY TRANSACTIONS**

The Company has assessed interest at .5% under prime on outstanding balance due from the related party. As of December 31, 2002 the balance due from the related party is \$716,656. For the year ending December 31, 2002, the Company earned \$31,107 of interest income and incurred overhead charges of \$15,000, which were paid to the affiliated company.

**NOTE 6: INCOME TAXES**

The components of the income tax liability for the year ended December 31, 2002 are as follows:

Federal Tax	\$ 2,498
New York State and City Tax	<u>3,687</u>
	<u>\$ 6,185</u>

**ROSENTHAL INTERNATIONAL LIMITED**

**Reconciliation of Net Capital**

**Audited and Unaudited**

**December 31, 2002**

Unaudited net capital	\$ 119,513
Increase in other assets	4,595
Increase in other liabilities	(1,250)
Reduction of taxes payable	<u>13,653</u>
Audited net capital	<u>\$ 136,511</u>

The accompanying notes are an integral part of the financial statements.

ROSENTHAL INTERNATIONAL LIMITED  
RECONCILIATION OF NET PROFIT BETWEEN  
Audited and Unaudited  
Statement of Financial Condition  
December 31, 2002

Unaudited net profit	\$ 26,171
Increase in other expenses	(16,250)
Reduction of tax expense	<u>3,547</u>
Audited net profit	<u>\$ 13,468</u>

The accompanying notes are an integral part of the financial statements.