EMTA, Inc.

Consolidated Statements of Financial Position

	December 31, 2003	December 31, 2002
Assets		
Current assets:		
Cash and cash equivalents	$ 1,315,898	$ 1,898,019
Short-term investments	1,752,688	1,273,449
Dues and assessments receivable	49,620	35,000
Prepaid expenses and other assets	3,669	13,700
Total current assets	3,121,875	3,220,168
Property and equipment:		
Leasehold improvements	-	89,112
Computer equipment and network	-	144,076
Furniture and fixtures	-	80,607
Telecommunication equipment	-	39,931
	-	353,726
Less accumulated depreciation and amortization	-	(353,726)
	-	-
Investments	1,059,000	1,247,000
Total Assets	$ 4,180,875	$ 4,467,168
Liabilities and Unrestricted Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 698,691	$ 1,022,904
Unearned Membership dues	20,000	30,000
Total current liabilities	718,691	1,052,904
Net assets	3,462,184	3,414,264
Total Liabilities and Unrestricted Net Assets	$ 4,180,875	$ 4,467,168

The accompanying notes are an integral part of these consolidated financial statements.

EMTA, Inc.

Consolidated Statements of Activities

	For the Year Ended December 31, 2003	2002
Revenues and gains		
Membership dues, net	$ 1,404,000	$ 1,490,250
Gain on sale of EMCC shares	—	602,503
Directors' assessments	575,000	626,000
Investment income	95,734	84,063
Other	123,014	29,699
Total revenue	2,197,748	2,832,515
Expenses		
Compensation and benefits	1,768,639	2,163,097
Occupancy	209,718	204,374
Office supplies and administration	24,837	64,147
Depreciation and amortization	—	22,277
Telecommunications	24,455	55,015
Legal	75,748	129,622
Public relations and annual report	2,427	22,039
Audit, tax and computer consultants	14,921	39,134
Conferences, receptions and meetings	8,433	8,554
Travel, lodging, meals and other	20,650	20,460
Total expenses	2,149,828	2,728,719
Increase in unrestricted net assets	47,920	103,796
Unrestricted net assets, beginning of year	3,414,264	3,310,468
Unrestricted net assets, end of year	$ 3,462,184	$ 3,414,264

The accompanying notes are an integral part of these consolidated financial statements.

EMTA, Inc.

Consolidated Statements of Cash Flows

	For the Year Ended December 31, 2003	2002
Cash flows from operating activities:		
Increase in unrestricted net assets	$ 47,920	$ 103,796
Adjustments to reconcile increase in unrestricted net assets to net cash (used for) provided by operating activities:		
Depreciation and amortization	—	22,277
Deferred rent expense	—	(12,443)
Increase in dues and assessments receivable	(14,620)	(35,000)
(Increase) decrease in prepaid expenses and other assets	10,031	(2,581)
Increase (decrease) in accounts payable and accrued expenses	(324,213)	320,897
Decrease in unearned Membership dues	(10,000)	(5,000)
Net cash (used for) provided by operating activities	(290,882)	391,946
Cash flows from investing activities:		
Investments sold or matured	1,273,449	—
Investments purchased	(1,564,688)	(2,520,448)
Net cash used for investing activities	(291,239)	(2,520,448)
Decrease in cash and cash equivalents	(582,121)	(2,128,502)
Cash and cash equivalents, beginning of year	1,898,019	4,026,521
Cash and cash equivalents, end of year	$ 1,315,898	$ 1,898,019

The accompanying notes are an integral part of these consolidated financial statements.

EMTA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. **Organization**

EMTA, Inc. ("EMTA") is a non-profit corporation, formed in 1990 to promote the orderly development of fair, efficient and transparent trading markets for Emerging Markets instruments. EMTA's primary sources of revenue are Membership dues and Directors' assessments. All revenues and net assets are unrestricted.

2. **Summary of Significant Accounting Policies**

Principles of Consolidation and Operations of Subsidiaries
The consolidated financial statements include the accounts of EMTA and its four subsidiaries described below. Intercompany accounts and transactions are eliminated in consolidation.

The subsidiaries were organized in 1996 to provide services to participating Members, for which they charge fees, in carrying out EMTA's mission. The subsidiaries include: (a) Match-EM, Inc., which operated an electronic post-trade matching and confirmation system, (b) Net-EM, Inc., which operated a multilateral netting and clearing facility for outstanding trades of loans and other instruments, (c) Clear-EM, Inc., which served as EMTA's interface with Emerging Markets Clearing Corporation (EMCC), and (d) EMTA Black Inc., a holding company that is wholly owned by EMTA and that owns 100% of the common stock of the above three subsidiaries. The operations of Match-EM and Clear-EM were discontinued in November 1999 and the operations of Net-EM were discontinued in September 2000.

Membership Dues and Directors' Assessments
EMTA has three membership categories:

Full Members – active market participants that trade or invest in Emerging Markets instruments;
Associate Members – market participants that trade or invest in Emerging Markets instruments, but which are smaller and less active than Full Members; and
Affiliate Members – non-market participants that are nevertheless interested in Emerging Markets trading such as advisors, vendors, law firms, rating agencies and consultants.

Membership dues and Directors' assessments for each calendar year are billed in advance and recorded as unearned in the Consolidated Statement of Financial Position at the beginning of such year. The unearned dues and assessments are then amortized to income throughout the year as earned. Members not paying their annual dues within 60 days of billing may be suspended from membership. The Board of Directors may levy special assessments on Members to defray certain expenses. Such special assessments are to be equal for all Members of the same class. Additionally, the Board may agree to levy assessments on Directors (payable by the Members that employ them) to meet working capital deficiencies.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents
Excess funds are maintained in either: (a) an interest-bearing money market account with a bank that is also an EMTA Member or (b) an income-producing mutual fund managed by the same bank. This mutual fund invests in high quality short-term obligations of corporations, governments and banks and is carried at fair value.

Allowance for Doubtful Accounts
The allowance for doubtful accounts provides for the risk of losses arising from non-collection of dues, assessments and fees. Amounts included in the allowance are charged to the applicable revenue caption in the Consolidated Statement of Activities. Any subsequent recoveries are credited to the same caption. The allowance is increased by provisions for doubtful accounts and reduced by write-offs and recoveries of allowances previously provided. Write-offs are recorded when, in the judgment of management, a receivable is considered uncollectible. Such write-offs amounted to $243,750 and $200,000 in 2003 and 2002, respectively.

Property and Equipment
Property and equipment are stated at cost. Amortization of leasehold improvements is provided on a straight-line basis over the shorter of the estimated lives of the improvements or the related lease, beginning at the lease inception date. Depreciation of computer, network and telecommunication equipment is provided on a straight-line basis over estimated useful lives of three years. Depreciation of furniture and fixtures is provided on a straight-line basis over estimated useful lives, generally five years.

Investments
Investments with readily determinable fair value are stated at fair value. Unrealized gains and losses are reported as increase or decrease in net assets.

Income Taxes
EMTA is exempt from income tax under Section 501(c)(6) of the Internal Revenue Code and similar provisions of state and city tax codes. However, EMTA is subject to tax on any unrelated business taxable income. The operations of EMTA's subsidiaries are subject to corporate income tax. Taxable income generated since subsidiaries' inception in 1996 has not been material.

EMTA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

3. **Summary of Membership Dues**

The individual components of Membership dues are set forth below:

	Year ended December 31, 2003	Year ended December 31, 2002
Membership dues:		
Full	$ 855,000	$ 970,000
Associate	459,000	419,000
Affiliate	90,000	101,250
Total Membership dues	$ 1,404,000	$ 1,490,250

4. **Summary of Expenses**

Following is a summary of program and non-program expenses:

	Year ended December 31, 2003	Year ended December 31, 2002
Program expenses:		
Direct:		
Documentation and Market Practices	$ —	$ 129,622
Conferences, receptions and meetings	8,433	8,554
Advocacy	75,748	—
Indirect (primarily staff and facilities costs)	1,424,028	1,768,114
Total program expenses	1,508,209	1,906,290
Non-Program expenses:		
Direct:		
Public relations and membership development	2,427	22,039
General administration	14,921	39,134
Indirect (primarily staff and facilities costs)	624,271	761,256
Total non-program expenses	641,619	822,429
Total expenses	$ 2,149,828	$ 2,728,719

5. **Office Space Leases**

EMTA's office space lease at 63 Wall Street became effective in March 1995 and expired January 2003. The annual payments for rent were $124,614 ("base") plus EMTA's proportionate share of increases in property taxes and other building expenses after the first year ("escalation"), except that EMTA made no payments for six months in 1995 and for three months in 1996. Rent expense included the year's ratable share of the total base amount to be paid over the life of the lease plus the escalation amount for the year, which totaled $10,385 in 2003 and $124,459 in 2002. In addition, EMTA earned $7,350 by subleasing a portion of its 63 Wall Street office space for a portion of 2002, which amount was credited to rent expense. An EMTA Member employing a Director provided a letter of credit (subject to partial reimbursement by three other Members that also employ Directors) providing additional security to the landlord of EMTA's performance under the lease. At the expiration of the lease, EMTA abandoned its office space and fixed assets, all of which were fully depreciated.

Effective September 26, 2002, EMTA entered into an arrangement with The Bond Market Association ("TBMA"), whereby EMTA began subleasing office space at 360 Madison Avenue, including computer and office services, from TBMA for $17,802 per month. As part of this arrangement, four employees separated from EMTA and were hired by TBMA on January 1, 2003. Starting on that date, EMTA agreed to begin paying TBMA for accounting and technology services provided by TBMA staff, which amounted to $86,409 for 2003. In addition, EMTA paid $10,147 and $4,842 to TBMA for telephone and office supplies, respectively, in 2003 and 2002. The entire arrangement is subject to continual approval by both parties and can be abrogated at any time.

6. **Employee Benefit Plans**

EMTA has two Plans, descriptions of which are set forth below:

- a 401(k) Plan, whereby participants are allowed to contribute up to 15% of taxable compensation, subject to statutory limitations. EMTA matches the first 4% of such compensation. All employees are eligible to participate, and balances in participants' accounts are fully vested at all times; and

- a SEP-IRA arrangement, whereby EMTA contributes a certain percentage of eligible compensation each year, at the election of EMTA and subject to statutory limits. All staff employed at year end are eligible to participate, and balances in participants' accounts are fully vested at all times.

Contributions to the above two Plans totaled $121,999 in 2003 and $197,036 in 2002, which are included in compensation and benefits in the Consolidated Statement of Activities.

EMTA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

7. **Investment in Emerging Markets Clearing Corporation ("EMCC")**

In 1996, EMTA entered into an agreement with a subsidiary of National Securities Clearing Corporation ("NSCC") to develop EMCC, which clears trades of Emerging Markets debt instruments. EMTA coordinated industry decision-making regarding EMCC's development. In this connection, EMTA provided management and legal expertise and certain administrative services, including billing and collection of EMCC's initial funding requirements.

In March 1999, EMTA received a minority interest of 300 shares of Class A voting stock in EMCC in exchange for these services rendered by EMTA in connection with EMCC's formation, organization and development. The recognized cost of this investment in EMCC of $95,960 was attributable primarily to unreimbursed staff expenses incurred in 1997.

In the fall of 1999, EMTA made an additional cash investment in EMCC of $132,000, representing 132 Class B non-voting shares (an amount derived from the approximate revenue received from EMCC by Clear-EM during 1998).

During 1999, EMTA management determined that the appropriate carrying value of its investment in EMCC was $1, and a one-time charge of $227,959 was taken at that time.

In connection with a plan by EMCC to become a wholly-owned subsidiary of Depository Trust & Clearing Corporation, EMTA entered into an agreement with EMCC in November 2001 to sell its shares of EMCC common stock back to EMCC in early 2002 (the "Agreement"). Because the consummation of the Agreement was contingent on its being completed by March 31, 2002, no gain was accrued in the financial statements at December 31, 2001. Pursuant to the Agreement, EMTA received proceeds of $602,504 from EMCC in March 2002 for EMCC shares tendered. This amount, less the $1 carrying value, was recorded as a gain in 2002.