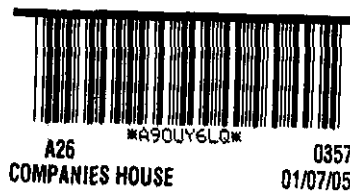


TULLETT LIBERTY (NUMBER 2) LIMITED

Report and Financial Statements
31 December 2004



Tullett Liberty (Number 2) Limited

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2004.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,297,856 (2003 - profit £3,497,356).

A preference dividend of £1,440,000 was declared during the year (2003 - £1,440,000).

The loss for the year, after taxation and dividends, amounted to £142,144 (2003 - profit of £2,057,356) and will be transferred from reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the business is that of a parent undertaking.

On 26 May 2004 Collins Stewart Tullett plc announced an offer to acquire the entire issued ordinary share capital of FPG Holdings Limited, parent company of the Prebon Group. On 13 October 2004 it was announced that all conditions had been satisfied and the acquisition was completed.

FUTURE DEVELOPMENTS

The directors' do not anticipate any change to the Company's activities for the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The following directors held office during the year:

S R Corker

S C Duckworth (appointed 24 September 2004)

R G Taylor (resigned 24 September 2004)

None of the directors had a beneficial interest in the issued share capital of the Company during the year.

The disclosable interest of the directors of Tullett Liberty (Number 2) Limited in the share capital of Collins Stewart Tullett plc for the year under review and the movement during the year under these share schemes were as follows:

SHARES IN COLLINS STEWART TULLETT PLC

	<i>Shares at 1 January 2004*</i>	<i>Additions in year</i>	<i>Transferred during 31 December the year</i>	<i>Shares at 31 December 2004</i>
S R Corker	19,905	-	-	19,905
S C Duckworth	57,373	-	-	57,373
Total	<u>77,278</u>	<u>-</u>	<u>-</u>	<u>77,278</u>

* or date of appointment, if later.

Tullett Liberty (Number 2) Limited

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

OPTIONS IN COLLINS STEWART TULLETT PLC

	<i>Exercise price</i>	<i>At 1 January 2004*</i>	<i>Granted in year</i>	<i>Exercised during the year</i>	<i>Cancelled in year</i>	<i>At 31 December 2004</i>
S R Corker	£3.49	60,000	-	-	-	60,000
S C Duckworth	£3.49	90,000	-	-	-	90,000
		150,000	-	-	-	150,000

The options set out above are exercisable between 29 April 2006 and 28 April 2013.

* or date of appointment, if later.

OPTIONS IN COLLINS STEWART TULLETT PLC

TL EQUITY INCENTIVE PLAN DETAILS

	<i>Exercise price</i>	<i>At 1 January 2004*</i>	<i>Granted in year</i>	<i>Exercised during the year</i>	<i>Cancelled in year</i>	<i>At 31 December 2004</i>
S R Corker	£1.00 in total	-	47,057	-	(20,546)	26,511
S C Duckworth	£1.00 in total	-	212,089	-	(164,369)	47,720
		-	259,146	-	(184,915)	74,231

The options listed above are exercisable between 13 January 2007 and 12 January 2014.

* or date of appointment, if later.

AUDITORS

Pursuant to s386 Companies Act 1985, an elective resolution was passed on 16 March 2005 dispensing with the requirement to appoint auditors annually. Therefore, Deloitte & Touche LLP are deemed to continue as auditors.

Signed on behalf of the Board of Directors:



Juliet Dearlove
Company Secretary

Date: 24 June 2005

Registered office:
Cable House
54-62 New Broad Street
London
EC2M 1ST

Registered No:
1014601

Tullett Liberty (Number 2) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

United Kingdom 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 period. 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 Act 1985. 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 TULLETT LIBERTY
(NUMBER 2) LIMITED**

We have audited the financial statements of Tullett Liberty (Number 2) Limited for the year ended 31 December 2004, which comprise the profit and loss account, the balance sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 Act 1985. We also 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 director's 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 audit 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 director 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 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
Date

Deloitte & Touche LLP

29th June 2005

Tullett Liberty (Number 2) Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2004

	<i>Notes</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
Other operating charges		(2)	(3)
OPERATING LOSS	2,3	(2)	(3)
Income from shares in group undertakings		1,300	3,500
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,298	3,497
Tax charge on profit on ordinary activities	4	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,298	3,497
Preference dividend proposed	5	(1,440)	(1,440)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(142)	2,057

The Company has no recognised gains or losses other than the loss for the current financial year and profit for the preceding year.

All activities derive from continuing activities.

Tullett Liberty (Number 2) Limited

BALANCE SHEET

as at 31 December 2004

	Notes	2004 £000	2003 £000
FIXED ASSETS			
Investments	6	20,000	20,000
CURRENT ASSETS			
Debtors – amounts due from ultimate parent undertaking		1,969	671
CREDITORS: amounts falling due within one year	7	(1,440)	-
NET CURRENT ASSETS		529	671
TOTAL ASSETS LESS CURRENT LIABILITIES		20,529	20,671
CAPITAL AND RESERVES			
Called up share capital	8	14,500	14,500
Capital contribution	9	6,000	6,000
Profit and loss account		29	171
TOTAL SHAREHOLDERS' FUNDS	9	20,529	20,671
TOTAL SHAREHOLDERS' FUNDS MAY BE ANALYSED AS:			
Equity interests		8,529	8,671
Non-equity interests		12,000	12,000
		20,529	20,671

The financial statements were approved by the Board of Directors on 24 June 2005.

Signed on behalf of the Board of Directors:



Director

Date 24 June 2005

Tullett Liberty (Number 2) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with applicable United Kingdom law and accounting standards.

Investments

Investments held as fixed assets are recorded at cost, adjusted for any impairment in value.

Group accounts

Tullett Liberty (Number 2) Limited is exempt from the obligation to prepare and deliver group accounts. It is a wholly owned subsidiary of Collins Stewart Tullett plc, a company registered in England and Wales.

Cash flow statement

The Company is exempt from reporting a cash flow statement in accordance with FRS 1 (revised), as the Company is a wholly owned subsidiary of Collins Stewart Tullett plc, which is registered in England and Wales and which prepares group financial statements which are publicly available.

Related party transactions

The Company has taken advantage of reporting exemptions in accordance with FRS 8 since it is a subsidiary of a group where greater than 90% of the voting rights are controlled within the group and the groups' parent financial statements are publicly available.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when the crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. OPERATING LOSS

This is stated after charging:

	2004	2003
	£000	£000
Auditors' remuneration	2	3

The Company's expenditure, including auditors' remuneration is incurred by Tullett Prebon Limited (formerly Tullett Liberty Limited). This is recovered from Tullett Liberty (Number 2) Limited by way of a management charge.

Tullett Liberty (Number 2) Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

3. STAFF COSTS

There were no staff employees for the year (2003– nil).

Where directors of the Company are also directors of Tullett Prebon Limited (formerly Tullett Liberty Limited) their remuneration is received directly from that Company. The directors do not believe it is practicable to apportion this amount between their services as directors of the parent undertaking, fellow subsidiary undertakings and this company. No management charge was made to the company in 2004 (2003– £nil) to represent a recharge of the services to the Company of all directors of the parent undertaking. It is not possible separately to identify the amounts attributable to the directors of this Company.

4. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

The tax charge of £nil (2003– £nil) comprises current year UK corporation tax.

Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 – 30%). The differences are reconciled below.

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	1,298	3,497
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30%	389	1,049
Dividends from a UK company not subject to taxation	(389)	(1,049)
Current tax charge for the year	-	-

5. DIVIDENDS

	2004 £000	2003 £000
Non-equity dividends payable on preference shares. £0.12 (2003:£0.12) per share	1,440	1,440

6. FIXED ASSET INVESTMENTS

	2004 £000	2003 £000
Cost and net book value at 1 January 2004 and 31 December 2004	20,000	20,000

The Company's principle investments at the balance sheet date in the share capital of unlisted companies are as follows:

Tullett Liberty (Number 2) Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

6. FIXED ASSET INVESTMENTS (CONTINUED)

Company Name	Country of Incorporation	Nature of Business	Class of share held	Holding
Tullett Liberty (Securities) Limited	England & WalesWales	Security Brokers	Ordinary	100%

7. CREDITORS: amounts falling due within one year

	2004 £000	2003 £000
Non-equity dividends payable on preference shares	1,440	-

8. SHARE CAPITAL

	2004 £000	2003 £000
Authorised:		
5,000,000 Ordinary shares of £1 each	5,000	5,000
12,000,000 Preference shares of £1 each	12,000	12,000
	<u>17,000</u>	<u>17,000</u>
	£000	£000
Allotted, called up and fully paid:		
Ordinary shares : 2,500,000 of £1 each	2,500	2,500
Preference shares : 12,000,000 of £1 each	12,000	12,000
	<u>14,500</u>	<u>14,500</u>

The preference shares, which were issued on 20 December 2000 at par, rank pari passu with the ordinary shares except as follows:

The preference shares are redeemable at any time by the request of the Company at par. They carry in total 12% of voting rights at meetings and are entitled to a cumulative preference dividend at 12% on the nominal paid up value of the preference shares, payable annually from 31 December 2002.

On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share plus any unpaid accrued dividend.

Allotment of shares by the ultimate parent company, Collins Stewart Tullett plc and options granted during the year under the Company's employees option scheme are shown in the Company's accounts.

Tullett Liberty (Number 2) Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Capital contribution £000</i>	<i>Profit and loss account £000</i>	<i>Total shareholders' funds £000</i>
At 1 January 2003	14,500	6,000	(1,886)	18,614
Profit for the year	—	—	3,497	3,497
Dividend	—	—	(1,440)	(1,440)
At 1 January 2004	14,500	6,000	171	20,671
Profit for the year	—	—	1,298	1,298
Dividend	—	—	(1,440)	(1,440)
At 31 December 2004	14,500	6,000	29	20,529

10. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertakings are Tullett Liberty (European Holdings) Limited (17.24%), and Tullett Liberty Brokerage Limited (82.76%).

The Company's ultimate parent undertaking and controlling party is Collins Stewart Tullett plc.

The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is Collins Stewart Tullett plc.

Copies of Collins Stewart Tullett plc's group financial statements are available from the registered office: 9th Floor, 88 Wood Street, London, EC2V 7QR.