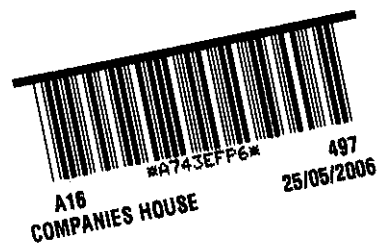


TULLETT PREBON (UK) LIMITED
(FORMERLY PREBON MARSHALL YAMANE (UK) LIMITED)

Report and Financial Statements
31 December 2005



Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2005.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £7,063,815 (nine months to 31 December 2004 – loss £13,127,000).

The directors do not recommend payment of a dividend (nine months to 31 December 2004 - £nil).

The profit for the year will be transferred to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company's principal activity during the year continued to be that of an inter-dealer broker ("IDB") in the wholesale money, foreign exchange, securities and energy markets, providing services to banks, other financial institutions, local authorities and corporate clients. The Company is regulated by the Financial Services Authority.

FUTURE DEVELOPMENTS

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

MITIGATION OF RISKS

Management take appropriate steps to minimise the impact of operational risks faced by the Company.

The impact of foreign exchange and cash flow risk is monitored on a group basis and reduced through the use of forward and other derivative contracts.

DIRECTORS AND THEIR INTERESTS

The following directors held office during the period:

S R Corker
S C Duckworth
A N Verrier
S L Bright (appointed 11 April 2005)
I J Granat (appointed 11 April 2005)
R W Osborne (appointed 11 April 2005)
A A Polydor (appointed 11 April 2005)
N J Potter (appointed 11 April 2005)

K McDermott was appointed a director of the company on 21 February 2006.

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 Prebon (UK) Limited in the share capital of Collins Stewart Tullett plc, the Company's ultimate parent, for the year under review and the movement during the year under the share scheme was as follows:

SHARES IN COLLINS STEWART TULLETT PLC

	<i>Shares at 1 January 2005*</i>	<i>Additions in year</i>	<i>Sold during 31 December year</i>	<i>Shares at 2005</i>
S R Corker	19,905	-	-	19,905
S C Duckworth	57,373	-	-	57,373
N J Potter	5,000	-	-	5,000
<i>Total</i>	<i>82,278</i>	<i>-</i>	<i>-</i>	<i>82,278</i>

* Or at the date of appointment (if later).

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

DIRECTORS' REPORT

DIRECTORS REPORT (continued)

If not listed above, the director's shareholding in Collins Stewart Tullett plc was nil at the beginning and at the end of the year.

OPTIONS IN COLLINS STEWART TULLETT PLC

	<i>Exercise price</i>	<i>At 1 January 2005</i>	<i>Granted in year</i>	<i>Exercised during year</i>	<i>Cancelled in year</i>	<i>At 31 December 2005</i>
S R Corker	£3.49	60,000	-	-	-	60,000
S C Duckworth	£3.49	90,000	-	-	-	90,000
		<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>

If not listed above, the director's share options in Collins Stewart Tullett plc under this scheme were nil at the beginning and at the end of the year.

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

OPTIONS IN COLLINS STEWART TULLETT PLC

TL EQUITY INCENTIVE PLAN

	<i>Exercise price</i>	<i>At 1 January 2005*</i>	<i>Granted in year</i>	<i>Exercised during year</i>	<i>Cancelled in year</i>	<i>At 31 December 2005</i>
S R Corker	£1.00 in total	26,511	-	-	-	26,511
S C Duckworth	£1.00 in total	110,110	-	-	-	110,110
A N Verrier	£1.00 in total	100,000	-	-	-	100,000
A A Polydor	£1.00 in total	25,000	-	-	-	25,000
N J Potter	£1.00 in total	25,000	-	-	-	25,000
		<u>286,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,621</u>

* Or at the date of appointment (if later).

If not listed above, the director's share options in Collins Stewart Tullett plc under this scheme were nil at the beginning and at the end of the year.

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

CHANGE OF REGISTERED NAME

On 1 September 2005 the Company changed its name from Prebon Marshall Yamane (UK) Limited to Tullett Prebon (UK) Limited.

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)


DIRECTORS' REPORT

DIRECTORS REPORT (continued)

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.

By order of the Board:



Teresa de Freitas
Company Secretary

Date: 30/03/06

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

Registered No:
1908771

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. In preparing these 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, subject to any material departures disclosed and explained in the financial statements; 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, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirement of the Companies Act 1985.

The directors' are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TULLETT PREBON (UK) LIMITED

We have audited the financial statements of Tullett Prebon (UK) Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 20. 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework 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 directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

*Chartered Accountants and Registered Auditors
London*

Date *30th March 2006*

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2005

		<i>Year ended</i> <i>31 December 2005</i>	<i>Nine months to</i> <i>31 December 2004</i> <i>(Restated)</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
TURNOVER	2	86,989	70,119
Staff costs	6	(50,796)	(46,405)
Other administration expenses		(21,093)	(28,843)
Exceptional item: IDB reorganisation costs	7	(4,707)	(11,643)
Total administration expenses		(76,596)	(86,891)
OPERATING PROFIT/(LOSS)	3	10,393	(16,772)
Interest receivable	8	1,429	457
Interest payable	9	(1,628)	(310)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		10,194	(16,625)
Tax (charge)/credit on profit/(loss) on ordinary activities	10	(3,130)	3,498
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	18	7,064	(13,127)

Profit for the current year and losses for the prior period result solely from continuing operations.

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2005

		<i>Year ended</i>	<i>Nine months to</i>
	<i>Note</i>	<i>31 December 2005</i>	<i>31 December 2004</i>
		£000	(Restated)* £000
Profit/(loss) for the year		7,064	(13,127)
Actuarial loss relating to the pension scheme	19	(477)	(278)
UK deferred tax attributable to actuarial loss	13	100	83
Total recognised gains/ (losses) for the year		6,687	<u>(13,322)</u>
Prior year adjustment*	4	<u>(1,825)</u>	
Total recognised gains and losses since the last annual report and financial statements		<u>4,862</u>	

* The statement of total recognised gains and losses for the nine months to 31 December 2004 has been restated for the adoption of FRS 17: Accounting for retirement benefits. The effects of the change in policy resulted in a decrease of £1,825,000 on opening reserves at 1 January 2005, refer to note 4.

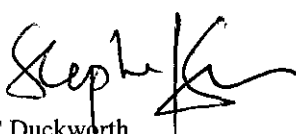
Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

BALANCE SHEET
as at 31 December 2005

		2005	2004 (Restated)
	Notes	£000	£000
FIXED ASSETS			
Intangible assets	11	-	108
CURRENT ASSETS			
Debtors:			
Amounts falling due within one year	12	23,361	22,825
Amounts falling due after one year - deferred tax	13	-	2,261
Cash at bank and in hand		409	948
CREDITORS: amounts falling due within one year	14	(8,463)	(13,741)
NET CURRENT ASSETS		15,307	12,293
TOTAL ASSETS LESS CURRENT LIABILITIES		15,307	12,401
CREDITORS: amounts falling due after one year	15	(3,000)	(8,500)
PROVISIONS FOR LIABILITIES AND CHARGES			
Pensions and similar obligations	13,16,19	(1,981)	(1,762)
NET ASSETS		10,326	2,139
CAPITAL AND RESERVES			
Called up share capital	17	29,000	27,500
Share premium account	18	21	21
Profit and loss account	18	(18,695)	(25,382)
EQUITY SHAREHOLDERS' FUNDS	18	10,326	2,139

The financial statements were approved by the Board of Directors on 30 March 2006.

Signed on behalf of the Board of Directors:


S C Duckworth
Director

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Goodwill

Goodwill is the excess of purchase consideration over the fair value of the net assets acquired and is amortised on a straight-line basis over a period of three years, being its estimated useful economic life.

Cash flow

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.

New start incentives

Following the acquisition of Prebon, the Group has reconsidered and amended the basis upon which it amortises upfront payments from 1 January 2005. Such payments are now amortised over the period of services to which they relate; in prior years they were amortised over a 12 month period.

Foreign currencies

Transactions in foreign currencies are converted at exchange rates ruling at the transaction dates.

Monetary assets and liabilities, denominated in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the profit and loss account.

Taxation

Corporation taxation payable is provided on taxable profits and losses in the current period.

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 they 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 the 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.

Pension costs

The Company has adopted the accounting treatment set out in FRS17: Accounting for retirement benefits. Previously the Company had adopted the accounting treatment set out in SSAP24.

Contributions to the defined contribution pension schemes are charged to the profit and loss account as and when incurred.

For defined benefit retirement plans, the cost of providing the benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reported balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the profit and loss account and are presented in the statement of total recognised gains and losses.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions.

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 group's parent financial statements are publicly available.

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

2. TURNOVER

Turnover represents net brokerage stated net of value added tax. Turnover is analysed by geographic area as follows:

	<i>Year ended 31 December 2005</i>	<i>Nine months to 31 December 2004</i>
	<i>£000</i>	<i>£000</i>
Europe	80,098	66,268
North America	5,015	2,839
Asia Pacific	1,876	1,012
	<u>86,989</u>	<u>70,119</u>

3. OPERATING PROFIT/(LOSS)

This is stated after charging/(crediting):

	<i>Year ended 31 December 2005</i>	<i>Nine months to 31 December 2004</i>
	<i>£000</i>	<i>£000</i>
Goodwill amortisation	108	243
Exchange (gains) on foreign currency debtors	(214)	(43)
	<u></u>	<u></u>

A material proportion of the Company's expenditure, including auditors' remuneration in respect of audit and non-audit work is incurred by Prebon Administration Limited. This is recovered from Tullett Prebon (UK) Limited by way of a management charge.

4. PRIOR YEAR ADJUSTMENT

The Company has adopted the accounting treatment set out in FRS17: Accounting for retirement benefits. Previously the Company had adopted the accounting treatment set out in SSAP24. The comparative figures in the primary statements and notes have been restated to reflect the new policy.

The effects of the change in policy are summarised below:

	<i>Nine months to 31 December 2004</i>
	<i>£000</i>
Profit and loss account	
Staff costs	190
Interest Received	205
Interest Paid	(261)
Tax credit	(59)
	<u></u>
Decrease in loss for the financial year	<u>75</u>

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

4. PRIOR YEAR ADJUSTMENT (CONTINUED)

*Nine months to
31 December 2004
£000*

Balance sheet

Debtors	(63)
Pensions and similar obligations	(1,762)
	<hr/>
(Decrease) in net assets	(1,825)
	<hr/>

*Nine months to
31 December 2004
£000*

**Amount recognised in statement of total recognised gains
and losses on first full implementation of FRS17 as at 31
December 2005:**

Reversal of SSAP 24 prepayment	(123)
Net pension liability recognised under FRS17	(1,582)
Profit and loss account adjustment	75
Actuarial loss	(278)
Deferred tax attributable to actuarial loss	83
	<hr/>
Prior year (loss) on implementation of FRS17	(1,825)
	<hr/>

5. DIRECTORS' EMOLUMENTS

	<i>Year ended 31 December 2005 £000</i>	<i>Nine months to 31 December 2004 £000</i>
Emoluments (including pension contributions)	2,953	3,685
	<hr/>	<hr/>
Company contributions paid to pension schemes	3	14
	<hr/>	<hr/>

At 31 December 2005 retirement benefits were accruing to 4 (2004 – 2) directors under a money purchase scheme.

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

5. DIRECTORS' EMOLUMENTS (CONTINUED)

The amounts in respect of the highest paid director are as follows:

	<i>Year ended 31 December 2005 £000</i>	<i>Nine months to 31 December 2004 £000</i>
Emoluments (excluding pension contributions)	1,242	3,497
Company contributions paid to pension schemes	1	5

Details of directors' share options are provided in the Directors' Report on page 1.

Where directors of the Company are also directors of Tullett Prebon 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 immediate parent undertaking, fellow subsidiary undertakings and this company.

6. STAFF COSTS

	<i>Year ended 31 December 2005 £000</i>	<i>Nine months to 31 December 2004 (Restated) £000</i>
Wages and salaries	45,129	43,471
Social security costs	5,364	2,934
Other pension costs	303	-
	<u>50,796</u>	<u>46,405</u>

The Company employs a number of staff who are seconded full-time to a fellow subsidiary undertaking. The analysis above excludes the costs and numbers of these employees. Some of the Company's operations are carried out by employees of Tullett Prebon Limited. The above analysis includes the costs and numbers of these employees. During the year, the average monthly number of employees (including directors), identified as being directly involved in the operation of the Company was 239 (nine months to 31 December 2004 - 342).

7. EXCEPTIONAL ITEM: IDB REORGANISATION COSTS

On 13 October 2004 Collins Stewart Tullett plc completed the acquisition of FPG Holdings Limited. Following the acquisition a wide ranging programme to reorganise the business was embarked upon which constituted a significant restructuring of continuing operations. The programme gave rise to £4.7m costs (nine months to 31 December 2004: £11.6m) and involved the restructuring of broking desks with ensuing redundancies. This process was completed before the year end and accordingly no further reorganisation costs are anticipated.

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

8. INTEREST RECEIVABLE

	<i>Year ended 31 December 2005</i>	<i>Nine months to 31 December 2004 (Restated)</i>
	<i>£000</i>	<i>£000</i>
Group interest receivable	1,130	202
Other interest receivable	299	255
	<u>1,429</u>	<u>457</u>

9. INTEREST PAYABLE

	<i>Year ended 31 December 2005</i>	<i>Nine months to 31 December 2004 (Restated)</i>
	<i>£000</i>	<i>£000</i>
Group interest payable	1,275	49
Other interest payable	353	261
	<u>1,628</u>	<u>310</u>

10. TAX (CHARGE)/CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<i>Year ended 31 December 2005</i>	<i>Nine months to 31 December 2004 (Restated)</i>
	<i>£000</i>	<i>£000</i>
Current tax:		
UK corporation tax (charge)/credit on profit/(loss) for the year/ period	(287)	1,191
Adjustment to tax in respect of previous periods	(577)	-
	<u>(864)</u>	<u>1,191</u>
Deferred tax:		
(Reversal)/origination of timing differences	(3,670)	2,307
Tax over provided in prior period	1,404	-
	<u>(3,130)</u>	<u>3,498</u>

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

10. TAX (CHARGE)/CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the period is less than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are reconciled below:

	<i>Year ended</i> <i>31 December 2005</i>	<i>Nine months to</i> <i>31 December 2004</i> <i>(Restated)</i>
	<i>£000</i>	<i>£000</i>
Profit/(loss) on ordinary activities before tax	10,194	(16,625)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	(3,059)	4,988
Expenses not deductible for tax purposes	(911)	(753)
Timing differences	59	(15)
Loss carried forward	-	(3,029)
Utilisation of losses	3,624	-
Adjustment to tax in respect of previous periods	(577)	-
Current tax (charge)/credit for the year/period	(864)	1,191

The tax credit on reorganisation totalled £1,412,000 (nine months to 31 December 2004 - £3,493,000).

11. INTANGIBLE ASSETS

Intangible assets relate to goodwill from the purchase of the East European swaps desk of Cedef Assets Limited.

	<i>Cost</i> <i>£000</i>	<i>Amortisation</i> <i>£000</i>	<i>Total</i> <i>£000</i>
At 31 December 2004	971	(863)	108
Amortisation for period	-	(108)	(108)
At 31 December 2005	971	(971)	-

12. DEBTORS

	<i>2005</i> <i>£000</i>	<i>2004</i> <i>(Restated)</i> <i>£000</i>
Amounts falling due within one year		
Trade debtors	13,067	10,493
Amount due from group undertakings	4,027	12,332
Amounts due from fellow subsidiary undertakings	5,140	-
Other debtors	78	-
Prepayments and accrued income	1,049	-
	23,361	22,825

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

13. DEFERRED TAX ASSET

	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>
Deferred tax provision	-	-
Deferred tax asset	850	3,016
Net deferred tax asset	850	3,016
Deferred tax comprises:		
Accelerated capital allowances	-	7
Other timing differences	-	(207)
Losses	-	2,461
Pension deficit	850	755
Net deferred tax asset	850	3,016

Deferred tax in respect of the company's defined benefit pension scheme of £850,000 (2004: £755,000) has been netted from the pension liability on the balance sheet as disclosed in note 16.

	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>
Movements during the year:		
At 1 January	3,016	633
(Credited)/charged to profit and loss account	(2,182)	2,331
Charged to statement of total recognized gains and losses	100	83
Employer's contributions	(84)	(31)
At 31 December	850	3,016

14. CREDITORS: amounts falling due within one year

	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>
Trade creditors	315	111
Amount owed to group undertakings	-	961
Amounts due to fellow subsidiary undertakings	7,047	12,669
Corporation tax	102	-
Other creditors	893	-
Accruals and deferred income	106	-
	8,463	13,741

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

15. CREDITORS: amounts falling due after one year

	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>
Amount owed to group undertaking	3,000	8,500

Amounts owed to group undertaking represent subordinated loans of £3,000,000 (2004: £8,500,000). This bears interest at LIBOR plus 2.5% and is repayable within four years. One loan of £5,000,000 (2004: £5,500,000) is payable in November 2006 and is classified as a short term creditor.

16. PROVISIONS FOR LIABILITIES AND CHARGES: pensions and similar obligations

	<i>Deferred tax £000</i>	<i>Pension deficit £000</i>	<i>Total £000</i>
At 31 December 2004 as previously stated	-	-	-
Prior year adjustment in respect of FRS 17	755	(2,517)	(1,762)
At 31 December 2004 as restated	755	(2,517)	(1,762)
Charged to profit and loss account	79	(116)	(81)
Charged to statement of total recognised gains and losses	100	(477)	(333)
Employer's contributions	(84)	279	195
	850	(2,831)	(1,981)

17. SHARE CAPITAL

	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>
Authorised: 300,000,000 ordinary shares of 10p each	30,000	30,000
	£000	£000
Allotted, called up and fully paid: 290,000,000 ordinary shares (2004: 275,000,000) of 10p each	29,000	27,500

Movement during the year

During the year the company allotted 15,000,000 ordinary shares of 10p each with a nominal value of £1,500,000 and received consideration of £1,500,000.

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Profit and loss account £000</i>	<i>Total equity shareholders' funds £000</i>
At 31 December 2004 as previously stated	27,500	21	(23,557)	3,964
Prior year adjustment in respect of FRS 17	-	-	(1,630)	(1,630)
Actuarial loss relating to the pension scheme	-	-	(278)	(278)
UK deferred tax attributable to actuarial loss	-	-	83	83
At 31 December 2004 as restated	27,500	21	(25,382)	2,139
New shares issued	1,500	-	-	1,500
Profit for the period	-	-	7,064	7,064
Actuarial loss relating to the pension scheme	-	-	(477)	(477)
UK deferred tax attributable to actuarial loss	-	-	100	100
At 31 December 2005	29,000	21	(18,695)	10,326

19. PENSIONS

The Company operates a funded pension scheme providing benefits based on final pensionable pay, and a number of defined contribution schemes. The assets of all schemes are held separately from those of the company.

Contributions to the defined contribution pension schemes are charged to the profit and loss account as they fall due. During the year contributions by the Company to the defined contribution schemes amounted to £104,337 (9 months to 31 December 2004 - £38,562).

Contributions to the defined benefit (final salary) funded pension scheme are determined on the basis of regular actuarial valuations. A full actuarial valuation was carried out at 1 January 2004 and updated to 31 December 2005 by a qualified actuary. Contributions by the company to the defined benefit scheme amounted to £279,494 (9 months to 31 December 2004 - £107,000).

The major assumptions used by the actuary were:

	At 31 December 2005	At 31 December 2004	At 31 March 2004
Rate of increase in salaries	4.15% pa	4.00% pa	4.00% pa
Rate of LPI increases to pensions in payment. (1)	2.80% pa	2.75% pa	2.75% pa
Discount rate	4.70% pa	5.30% pa	5.50% pa
Inflation assumption	2.90% pa	2.75% pa	2.75% pa

1. This applies to pensions accrued from 6 April 1997 and to post 1988 guaranteed minimum pension (GMP). Other pension benefits receive no increases.

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

19. PENSIONS (CONTINUED)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

	Long-term rate of return expected at 31 December 2005 (per annum)	Value at 31 December 2005 £'000	Long-term rate of return expected at 31 December 2004 (per annum)	Value at 31 December 2004 £'000	Long-term rate of return expected at 31 March 2004 (per annum)	Value at 31 March 2004 £'000
Equities	7.00%	4,410	7.00%	3,657	7.00%	3,452
Corporate bonds	4.70%	155	5.30%	150	5.50%	220
Government bonds	4.25%	453	4.50%	320	4.50%	304
Other	4.00%	502	4.75%	277	4.00%	56
Total fair value of assets		5,520		4,404		4,032
Present value of scheme liabilities (Liability) in the scheme		(8,351)		(6,921)		(6,293)
Related deferred tax asset		850		755		678
Net pension liability		<u>(1,981)</u>		<u>(1,762)</u>		<u>(1,583)</u>

The current arrangements as regards contribution rates is described in the Schedule of Contributions dated 12 October 2004, certified effective 15 October 2004. The agreed Company contribution rate is 24.1% of Pensionable Salaries plus annual payments of £235,000 per annum for the next 11 years, payable in at least equal monthly instalments. The expenses of running the Scheme and the costs of death-in-service benefits are also payable in addition.

The scheme is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

The following amounts have been recognised in the financial statements in the period ended 31 December 2005 under the requirements of FRS17:

Analysis of the amounts charged to staff costs:

	Year ended 31 December 2005 £'000	Nine months to 31 December 2004 £'000
Current service cost	48	29
Past service cost	-	-
Total charge to operating profit/(loss)	48	29

**Analysis of the amount credited/ (charged) to interest
received/ (payable):**

	Year ended 31 December 2005 £'000	Nine months to 31 December 2004 £'000
Expected return on pension scheme assets	298	205
Interest on pension scheme liabilities	(366)	(261)
Net (cost)	(68)	(56)

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

19. PENSIONS (CONTINUED)

**Analysis of amount recognised in the Statement of Total
Recognised Gains and Losses:**

	Year ended 31 December 2005 £'000	Nine months to 31 December 2004 £'000
Actual return less expected return on pension scheme assets	613	157
Experience (losses) / gains arising on the scheme liabilities	(14)	83
Changes in assumptions underlying the present value of the scheme liabilities	(1,076)	(518)
Actuarial loss recognised in the statement of total recognised gains and losses	(477)	(278)

Movement in scheme deficit during the year/ period:

	Year ended 31 December 2005 £'000	Nine months to 31 December 2004 £'000
Deficit at start of the period	(2,517)	(2,261)
Employer's current service cost	(48)	(29)
Employer's contributions	279	107
Other finance income	(68)	(56)
Actuarial (loss)	(477)	(278)
Deficit at end of the year/ period	(2,831)	(2,517)

History of experience gains and losses:

	Year ended 31 December 2005 £'000	Nine months to 31 December 2004 £'000	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Difference between the expected and actual return on scheme assets:				
Amount	613	157	561	(1,250)
Percentage of scheme assets	11%	4%	14%	(38%)
Experience (losses)/gains on scheme liabilities:				
Amount	(14)	83	(49)	44
Percentage of the present value of scheme liabilities	-	1%	(1%)	1%
Total actuarial (loss)/gain in the statement of total recognised gains and losses:				
Amount	(477)	(278)	512	(1,908)
Percentage of the present value of scheme liabilities	(6%)	(4%)	8%	(32%)

Tullett Prebon (UK) Limited
(Formerly Prebon Marshall Yamane (UK) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

19. PENSIONS (CONTINUED)

Projected pension expense for next year:

	Year ended 31 December 2006 £'000
Analysis of the amount charged to the operating profit	
Current service cost	43
Past service cost recognition	-
Total operating charge	<u>43</u>
	Year ended 31 December 2006 £'000
Analysis of the amount credited to other finance income	
Expected return on pension scheme assets	357
Interest on pension liabilities	(394)
Total operating charge	<u>(37)</u>

20. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Prebon Yamane International Limited.

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.