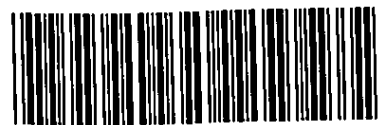


TULLETT FINANCIAL TRADER LIMITED

Report and Financial Statements  
31 December 2006

THURSDAY



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## DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 December 2006

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,085,000 (2005 £1,796,000) and will be transferred to reserves

The directors do not recommend payment of a dividend (2005 £nil)

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of Tullett Prebon plc

The principal activity of the Company is the provision of finance to Group associated undertakings

There have not been any significant changes in the Company's principal activities in the year under review and the directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year

### PRINCIPAL RISKS AND UNCERTAINTIES

The key risks which the Company faces in its day to day operations can broadly be categorised as credit, operational and reputation risk

Management in front office and support functions have the day to day responsibility for ensuring that the Company operates in accordance with the Group operational risk management framework. The group has approved policies and procedures to manage credit and reputation risk. These policies and procedures are outlined in the Group's Annual Report which does not form part of this report

### ENVIRONMENTAL POLICY

The nature of the Company's activities is such that it has a minimal direct effect on the environment. However, management have agreed to adopt Group policies to safeguard the environment to meet statutory requirements or where such policies are commercially sensible

### DIRECTORS AND THEIR INTERESTS

The following directors held office during the year

S R Corker  
D A Holmes

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

On 19 December 2006 Collins Stewart Tullett plc was split into two independent businesses with Tullett Prebon plc owning the inter-dealer broking business. The disclosable interest of the directors of the Company in the share capital of Tullett Prebon plc, the Company's ultimate parent, for the year under review and the movement during the year in their shareholding was as follows

# TULLETT FINANCIAL TRADER LIMITED

## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS (continued)

#### SHARES IN TULLETT PREBON PLC

	<i>Shares at 1 January 2006*</i>	<i>Additions in year</i>	<i>Sold during the year</i>	<i>Shares at 31 December 2006</i>
S R Corker	19,905	16,540	-	36,445
<i>Total</i>	<u>19,905</u>	<u>16,540</u>	<u>-</u>	<u>36,445</u>

\* The shares held by the directors were Collins Stewart Tullett plc shares until 15 December 2006

If not listed above, the director's shareholding in Tullett Prebon 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 2006</i>	<i>Granted in year</i>	<i>Exercised during the year</i>	<i>Cancelled in year</i>	<i>At 31 December 2006</i>
S R Corker	£3 49	60,000	-	60,000	-	-
		<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</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 were exercisable between 29 April 2006 and 28 April 2013

#### OPTIONS IN TULLETT PREBON PLC

	<i>Exercise price</i>	<i>At 1 January 2006*</i>	<i>Granted in year</i>	<i>Exercised during the year</i>	<i>New Exercise Price</i>	<i>At 31 December 2006</i>
D A Holmes	£4 51	6,651	-	-	£3 33	9,018
D A Holmes	£4 49	18,349	-	-	£3 31	24,880
D A Holmes	£0 01	5,000	-	-	£0 01	6,780
		<u>30,000</u>	<u>-</u>	<u>-</u>		<u>40,678</u>

\* The options held by the directors were in Collins Stewart Tullett plc These options were exchanged for options in Tullett Prebon plc on 15 December 2006

The options are exercisable between 29 April 2006 and 28 April 2013, 22 April 2007 and 21 April 2014, and 19 January 2008 to 18 January 2015

# TULLETT FINANCIAL TRADER LIMITED

## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS (continued)

#### OPTIONS IN TULLETT PREBON PLC

Following the scheme of arrangement between Collins Stewart Tullett plc and its shareholders which took effect on 15 December 2006, awards outstanding under the Tullett Liberty Equity Incentive Plan (the "EIP") were exchanged for equivalent awards over shares in Tullett Prebon plc under the terms of the rules of the EIP. Participants' rights were preserved and were unaffected by the scheme of arrangement and the demerger of Collins Stewart Tullett plc, although the performance target applicable to the awards was adjusted to reflect the transfer of part of the US equities business to Collins Stewart plc.

Participants in the EIP and other option plans operated by the Group were allowed to exchange their outstanding options over ordinary shares in Collins Stewart Tullett plc for equivalent options over ordinary shares in Tullett Prebon plc. In order to preserve the economic value of the options, the number of shares over which options were held was increased by an amount equivalent to the average Collins Stewart Tullett plc share price for the four trading days immediately prior to the demerger divided by the average Tullett Prebon plc share price for the four trading days immediately following the demerger (a ratio of 1.35592:1).

#### TULLETT LIBERTY EQUITY INCENTIVE PLAN

	<i>Exercise price</i>	<i>At 1 January 2006</i>	<i>Granted in year</i>	<i>Exercised during the year</i>	<i>Cancelled in year</i>	<i>At 31 December 2006</i>
S R Corker	£1.00 in total	26,511	-	-	-	35,947
		<u>26,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,947</u>

\* The options held by the directors were in Collins Stewart Tullett plc. These options were exchanged for options in Tullett Prebon plc on 15<sup>th</sup> December 2006.

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

The options listed above are exercisable between 13 January 2007 and 12 January 2014. Since the year end S R Corker has exercised his option under the Tullett Liberty Equity Incentive Scheme over 17,978 shares.

DIRECTORS' REPORT

**AUDITORS**

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Pursuant to s386 of the Companies Act 1985, an elective resolution was passed on 1 August 2003 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



Teresa de Freitas  
Company Secretary

Date *26 July 2007*

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

Registered No  
2539347

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 complies with the requirements of the Companies Act 1985.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TULLETT FINANCIAL TRADER LIMITED**

We have audited the financial statements of Tullett Financial Trader Limited for the year ended 31 December 2006 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 judgments 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 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

**Deloitte & Touche LLP**

*Deloitte & Touche LLP*

Chartered Accountants and Registered Auditors  
London

Date

*1<sup>st</sup> August 2007*

# TULLETT FINANCIAL TRADER LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2006

	<i>Notes</i>	<i>2006</i> <i>£000</i>	<i>2005</i> <i>£000</i>
Interest receivable and similar income	3	3,036	2,564
Interest payable and similar charges	4	(57)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>2,979</u>	<u>2,564</u>
Tax charge on profit on ordinary activities	5	(894)	(768)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u><u>2,085</u></u>	<u><u>1,796</u></u>

The company had no recognised gains or losses other than the profit for the current financial year and for the preceding year. Accordingly, no separate statement of total recognised gains and losses is presented. All amounts derive from continuing operations in the current and prior period.



# TULLETT FINANCIAL TRADER LIMITED

## BALANCE SHEET

as at 31 December 2006

	<i>Notes</i>	<i>2006</i> <i>£000</i>	<i>2005</i> <i>£000</i>
<b>CURRENT ASSETS</b>			
Debtors	6	42,967	40,377
<b>CREDITORS: amounts falling due within one year</b>	7	(1,274)	(769)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>41,693</u>	<u>39,608</u>
<b>NET ASSETS</b>		<u>41,693</u>	<u>39,608</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	36,688	36,688
Profit and loss account	9	5,005	2,920
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>41,693</u>	<u>39,608</u>

The financial statements were approved by the Board of Directors on **26** July 2007

Signed on behalf of the Board of Directors

*SECOR*

S R Corker  
Director

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2006

1. ACCOUNTING POLICIES

*Accounting convention*

The financial statements are prepared under the historical cost convention, and in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

*Fixed asset investments*

Fixed asset investments, including investments in subsidiaries, are shown at cost less provision for impairment

*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 Tullett Prebon plc, which is registered in England and Wales and which prepares Group financial statements which are publicly available

*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 tax payable is provided on taxable profits at the rate applicable at the balance sheet date

*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 that are included in the financial statements. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

*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

# TULLETT FINANCIAL TRADER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2006

### 2. OPERATING PROFIT

Auditors remuneration in respect of audit and non-audit work of £3,000 (2005 £nil) is borne by Tullett Prebon Group Limited

The Company had no employees during the year (2005 nil)

The Directors do not receive any remuneration for their services to the Company

### 3. INTEREST RECEIVABLE

	2006 £000	2005 £000
Interest receivable from group undertakings	3,025	2,564
External interest income	11	-
	<u>3,036</u>	<u>2,564</u>

### 4. INTEREST PAYABLE

	2006 £000	2005 £000
Interest payable to group undertakings	<u>57</u>	<u>-</u>

### 5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2006 £000	2005 £000
Current tax		
UK corporation tax charge on profit for the year	894	768
Tax charge on profit on ordinary activities	<u>894</u>	<u>768</u>

#### *Factors affecting the current tax charge*

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are reconciled below

	2006 £000	2005 £000
Current tax		
Profit on ordinary activities before tax	<u>2,979</u>	<u>2,564</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	894	769
Adjustment to tax in respect of previous periods	-	(1)
Current tax charge for the year	<u>894</u>	<u>768</u>

### 6. DEBTORS

	2006 £000	2005 £000
Amounts owed by group undertakings	<u>42,967</u>	<u>40,377</u>

# TULLETT FINANCIAL TRADER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2006

### 7. CREDITORS: amounts falling due within one year

	2006 £000	2005 £000
Corporation tax	447	769
Amounts owed to group undertakings	827	-
	<u>1,274</u>	<u>769</u>

### 8. SHARE CAPITAL

	2006 £000	2005 '000
Authorised 40,000,000 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>
	£000	£000
Allotted, called up and fully paid 36,688,164 ordinary shares of £1 each	<u>36,688</u>	<u>36,688</u>

### 9. RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share capital £000	Profit and loss account £000	Total equity shareholders' funds £000
At 1 January 2005	36,688	1,124	37,812
Profit for the year	-	1,796	1,796
At 1 January 2006	36,688	2,920	39,608
Profit for the year	-	2,085	2,085
At 31 December 2006	<u>36,688</u>	<u>5,005</u>	<u>41,693</u>

### 10. PARENT UNDERTAKING AND CONTROLLING PARTY NOTE

The Company's immediate parent undertaking is Tullett Liberty BV, a company registered in the Netherlands

The Company's ultimate parent undertaking and controlling party was Collins Stewart Tullett plc prior to 19 December 2006. From 20 December 2006, following a demerger, the ultimate parent and controlling party is Tullett Prebon plc

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

Copies of Tullett Prebon plc Group financial statements are available from the registered office Cable House, 54-62 New Broad Street, London EC2M 1ST