

Registered Number 2619854

PREBON YAMANE INTERNATIONAL LIMITED

Report and Financial Statements
31 December 2005



PREBON YAMANE INTERNATIONAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors submit their report and financial statement for the year ended 31st December 2005

PRINCIPAL ACTIVITIES

The Company acts as a holding company for a number of international money, securities and commodities broking subsidiaries. The results for the period are set out in the attached profit and loss account. The Company's activities are not expected to change over the forthcoming year.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £892,442 (nine months ended 31 December 2004 - profit £853,183).

The directors do not recommend payment of a dividend on the ordinary shares (nine months to 31 December 2004: £nil) nor on the preference shares (nine months to 31 December 2004: £nil).

The loss for the year will be transferred to reserves.

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 directors of the Company during the year, except as notes, were as follows:

S A Jack

J D Plasco (resigned on 2 May 2006)

Y Tanahashi

T C Smith was appointed a director of the company on 2 May 2006.

S A Jack is a director of Collins Stewart Tullett plc, the ultimate parent undertaking at 31 December 2005, and J D Plasco was a director of FPG Holdings Limited. Their direct or indirect interests in the share capital of group companies are disclosed in the financial statements of Collins Stewart Tullett plc and FPG Holdings Limited respectively.

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

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:

26/10/06

Registered office:

Cable House

54-62 New Broad Street

London

EC2M 1ST

Registered No:

2619854

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PREBON YAMANE INTERNATIONAL LIMITED

We have audited the financial statements of Prebon Yamane International Limited for the year ended 31 December 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 16. 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 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.

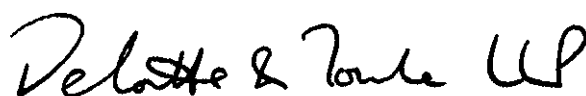
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP



Chartered Accountants and Registered Auditors
London

Date

27th October 2006

PREBON YAMANE INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2005

		<i>Year ended 31 December 2005</i>	<i>Nine months to 31 December 2004 (Restated)</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Operating income	2	201,935	161,541
Administrative expenses		(349,185)	(194,409)
OPERATING (LOSS) / PROFIT	3	(147,250)	(32,868)
Income from shares in group undertakings		-	763,777
Interest receivable and similar income	4	654,491	1,215,653
Interest payable and similar charges	5	(1,645,665)	(897,011)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,138,424)	1,049,551
Tax credit/(charge) on (loss)/profit on ordinary activities	6	245,982	(196,368)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(892,442)	853,183

Losses for the current year and profit for the prior period result solely from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2005

		<i>Year ended 31 December 2005</i>	<i>Nine months to 31 December 2004 as restated</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
(Loss)/ profit attributable to members of the Company	14	(892,442)	853,183
Foreign exchange translation differences on foreign currency net investment in branches	14, 15	(105,513)	(26,772)
Total recognised gains/ (losses) for the year and since last annual report and financial statements.	14	(997,955)	826,411

PREBON YAMANE INTERNATIONAL LIMITED

BALANCE SHEET

as at 31 December 2005

	Note	2005 £	2004 (Restated) £
FIXED ASSETS			
Tangible assets	7	2,948	2,083
Investments	8	25,079,217	23,579,217
		<u>25,082,165</u>	<u>23,581,300</u>
CURRENT ASSETS			
Debtors	9	10,183,971	9,761,102
Cash at bank and in hand		9,495	176,872
		<u>10,193,466</u>	<u>9,937,974</u>
CREDITORS: amounts falling due within one year	10	<u>(13,137,125)</u>	<u>(21,775,331)</u>
NET CURRENT LIABILITIES		<u>(2,943,659)</u>	<u>(11,837,357)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,138,506</u>	<u>11,743,943</u>
CREDITORS: amounts falling due after more than one year	11	<u>(11,392,518)</u>	<u>-</u>
NET ASSETS		<u>10,745,988</u>	<u>11,743,943</u>
CAPITAL AND RESERVES			
Called up share capital	13	4,656,304	4,656,304
Foreign exchange reserve	14	(132,285)	(26,772)
Profit and loss account	14	<u>6,221,969</u>	<u>7,114,411</u>
EQUITY SHAREHOLDERS FUNDS	14	<u>10,745,988</u>	<u>11,743,943</u>

The financial statements were approved by the Board of Directors on 26 October 2006.

Signed on behalf of the Board of Directors:



T C Smith
Director

26/10/06

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

The Company has taken advantage of the exemption granted under Section 228 of the Companies Act 1985 from the obligation to prepare and deliver group accounts.

Investments

Investments in subsidiary and associated undertakings are shown at cost less provision for any impairment.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling on the last day of the previous month. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

The results of overseas' branch are translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. The exchange differences arising on translation of the accounts of the overseas' branch are taken directly to the exchange reserve. All other exchange differences are included in the profit and loss account

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by 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 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.

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 Group's parent financial statements are publicly available.

Fixed assets

Fixed assets are stated at cost less depreciation and are written off in equal annual instalments over their estimated useful lives. The principal rates of depreciation used per annum are:

Plant and equipment	10-20%
Short leasehold improvements	10-20%

PREBON YAMANE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

2. OPERATING INCOME

	<i>Year ended</i> <i>31 December 2005</i> £	<i>Nine months to</i> <i>31 December 2004</i> £
Commission income receivable from a group company	190,672	161,541
Foreign exchange gain on operating activities	11,263	-
	<u>201,935</u>	<u>161,541</u>

3. OPERATING (LOSS)/PROFIT

This is stated after charging/(crediting):

	<i>Year ended</i> <i>31 December 2005</i> £	<i>Nine months to</i> <i>31 December 2004</i> £
Foreign exchange loss/(gain) on operations	40,466	(35,369)
Depreciation	1,354	1,354
Staff costs- wages and salaries	<u>140,475</u>	<u>100,215</u>

The Company has no employees and staff costs represent an amount recharged by a fellow group undertaking. No fees or other emoluments have been paid to directors of the Company for services during the year. The audit fee of £10,000 (31 December 2005: £10,000) is borne by a fellow group undertaking.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>Year ended</i> <i>31 December 2005</i> £	<i>Nine months to</i> <i>31 December 2004</i> £
Foreign exchange on financing	-	441,488
Interest receivable from loan	21,854	-
Interest receivable from bank balances	8,629	15,412
Interest receivable from group undertakings	624,008	758,753
	<u>654,491</u>	<u>1,215,653</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>Year ended</i> <i>31 December 2005</i>	<i>Nine months to</i> <i>31 December 2004</i>
	£	£
Interest on other loans repayable within five years other than by instalments	-	223,741
Interest payable to group undertakings	<u>1,645,665</u>	<u>673,270</u>
	<u>1,645,665</u>	<u>897,011</u>

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

	<i>Year ended</i> <i>31 December 2005</i>	<i>Nine months to</i> <i>31 December 2004</i>
	£	£
Current tax:		
UK corporation tax credit/ (charge) on (loss)/profit for the year/ period	134,426	(69,644)
Adjustment to tax in respect of previous periods	90,398	-
Irrecoverable withholding tax on dividends	<u>(3,893)</u>	<u>-</u>
	220,931	(69,644)
Deferred tax:		
Reversal of timing differences	(53,175)	(126,724)
Tax over provided in prior period	78,226	-
Tax credit/(charge) on (loss)/profit on ordinary activities	<u>245,982</u>	<u>(196,368)</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

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

Factors affecting the current tax credit/(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 31 December 2005</i>	<i>Nine months to 31 December 2004 (Restated)</i>
	<i>£</i>	<i>£</i>
(Loss)/profit on ordinary activities before tax	<u>(1,138,424)</u>	<u>1,049,551</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	341,527	(314,865)
Taxation on apportionable income of overseas subsidiary	(245,422)	(354,305)
Timing differences	(88,457)	(201,981)
Non-deductible expenses	(19,373)	(7,917)
Double tax relief	-	232,236
Utilisation of losses	142,258	569,157
Adjustment to tax in respect of previous periods	90,398	-
Foreign exchange loss transferred to reserves	-	8,031
Current tax credit/(charge) for the year/period	<u>220,931</u>	<u>(69,644)</u>

7. TANGIBLE ASSETS

	<i>Short leasehold improvements £</i>	<i>Plant and equipment £</i>	<i>Total £</i>
<i>Cost</i>			
At 1 January 2005	11,254	15,081	26,335
At 31 December 2005	<u>11,254</u>	<u>15,081</u>	<u>26,335</u>
<i>Depreciation</i>			
At 1 January 2005	11,254	12,998	24,252
Charge for the year	-	1,354	1,354
Exchange differences	-	(2,219)	(2,219)
At 31 December 2005	<u>11,254</u>	<u>12,133</u>	<u>23,387</u>
Net book value at 31 December 2005	<u>-</u>	<u>2,948</u>	<u>2,948</u>
Net book value at 31 December 2004	<u>-</u>	<u>2,083</u>	<u>2,083</u>

PREBON YAMANE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

8. INVESTMENTS

	<i>Subsidiary undertakings</i> £	<i>Other investments</i> £	<i>Total</i> £
At 1 January 2005	23,001,983	577,234	23,579,217
Additions	1,500,000	-	1,500,000
At 31 December 2005	24,501,983	577,234	25,079,217

The addition to subsidiary undertakings relates to the acquisition of further shares in Tullet Prebon (UK) Limited, following which the Company's ownership was unchanged at 100%.

A list of principle subsidiary undertakings and associates at 31 December 2005 is given below.

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

At 31 December 2005 the following principal subsidiary and associated undertakings were wholly owned (unless otherwise stated) in respect of the ordinary shares and voting rights held by the Company or through a subsidiary undertaking. The main activity of the undertakings is money broking, with the exception of those subsidiary undertakings marked '#' which hold investments in other subsidiary and associated undertakings.

<i>Principal subsidiary undertakings</i>	<i>Country of Incorporation</i>	<i>% held</i>
Prebon Yamane (Australia) Pty Limited	Australia	100
Tullett Prebon Data Services Ltd. (formerly Prebon Data Services (Bermuda) Ltd.)	Bermuda	100
Tullett Prebon Yamane (UK) Limited (formerly Prebon Marshall Yamane (UK) Limited)	Great Britain	100
# Tullett Prebon Administration Limited (formerly Prebon Administration Limited)	Great Britain	100
Patriot Limited	Great Britain	100
Prebon Limited	Great Britain	100
Tullett Prebon (Hong Kong) Limited (formerly Prebon Yamane (Hong Kong) Limited)	Hong Kong	100
Tappa (Hong Kong) Limited	Hong Kong	100
Tappa Holdings Limited	Hong Kong	100
+Prebon Yamane (India) Limited	India	48
PT Inti Tullett Prebon Indonesia (formerly PT Inti Prebon Moneybrokers)	Indonesia	57.52
Tullett Prebon (Luxembourg) SA (formerly Prebon Yamane (Luxembourg) SA)	Luxembourg	100
#Prebon Holdings BV	Netherlands	100
Tullett Prebon Philippines Inc (formerly Prebon Philippines Inc)	Philippines	51
Prebon Yamane (Polska) SA	Poland	100

PREBON YAMANE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

Tullett Prebon (Singapore) Limited (formerly Prebon Yamane (Singapore) Limited)	Singapore	100
Tullett Prebon Energy (Singapore) Pte. Limited (formerly Prebon Energy (Singapore) Pte. Limited)	Singapore	100
Prebon Yamane Financial Services (Singapore) Limited	Singapore	100

+Associated companies

9. DEBTORS

	<i>2005</i> £	<i>2004</i> £
Amounts due from group undertaking	9,218,292	8,856,953
Prepayment and accrued income	2,147	3,230
Other debtors	659,218	696,782
Deferred tax (Note 11)	229,188	204,137
Tax receivable	75,126	-
	<u>10,183,971</u>	<u>9,761,102</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>2005</i> £	<i>2004</i> £
Amounts owed to group undertakings	13,114,954	21,519,687
Dividends payable	2,328	2,328
Other creditors	19,843	253,316
	<u>13,137,125</u>	<u>21,775,331</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>2005</i> £	<i>2004</i> £
Amounts owed to group undertakings	<u>11,392,518</u>	<u>-</u>
	<u>11,392,518</u>	<u>21,775,331</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

12. DEFERRED TAXATION

	2005 £	2004 £
Other timing differences	229,188	204,137
Deferred tax asset	229,188	204,137
At 1 January	204,137	330,861
Credited/(charged) to profit and loss account	25,051	(126,724)
At 31 December (Note 9)	229,188	204,137

Deferred tax asset has been recognised because the Company has incurred losses in the current and the previous periods, and the Company intends to make future taxable profits in excess of those arising from the reversal of deferred tax liabilities.

13. SHARE CAPITAL

	2005 £	2004 £
Authorised:		
2,328,152 Ordinary shares of £1 each	2,328,152	2,328,152
2,328,152 Preferred shares of £1 each	2,328,152	2,328,152
	4,656,304	4,656,304
	£	£
Allocated, called up and fully paid:		
2,328,152 Ordinary shares of £1 each	2,328,152	2,328,152
2,328,152 Preferred shares of £1 each	2,328,152	2,328,152
	4,656,304	4,656,304

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital	Foreign exchange reserve	Profit and loss account	Total equity shareholders' funds
	£	£	£	£
At 1 April 2004	4,656,304	-	6,261,228	10,917,532
Exchange gain on translation of foreign branch	-	(26,772)	-	(26,772)
Profit for the period	-	-	853,183	853,183
At 1 January 2005	4,656,304	(26,772)	7,114,411	11,743,943
Exchange loss on translation of foreign branch	-	(105,513)	-	(105,513)
Loss for the year	-	-	(892,442)	(892,442)
At 31 December 2005	4,656,304	(132,285)	6,221,969	10,745,988

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

15. CHANGE IN ACCOUNTING POLICY

During the current year, the company changed its accounting policy from temporal method to closing rate method to account for the foreign exchange gains and losses on the retranslation of its Shanghai branch in accordance with SSAP 20. Accordingly, exchange differences arising from the retranslation of the foreign branch are reported in the statement of total recognised gains and losses. The prior year profit and loss account, the statement of total recognised gains and losses, and the balance sheet are restated to reflect this change in accounting policy.

16. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Fulton Prebon Group 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.