

Registered Number 2637272

FULTON PREBON GROUP LIMITED

Report and Financial Statements
31 December 2005



DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

The loss for the year after taxation was £3,711,000 (nine months ended 31 December 2004: loss £11,528,000) and will be transferred from reserves.

The directors do not recommend payment of a dividend (31 December 2004: £nil).

PRINCIPAL ACTIVITY

The Company acts as an investment 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.

REVIEW OF BUSINESS

In January 2005, as part of group restructuring following the acquisition by Collins Stewart Tullett plc in 2004, the Company transferred all of its administration provision activities to Tullett Prebon Limited, a fellow group company.

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 directors of the Company during the year as noted below were as follows:

S A Jack

J D Plasco (resigned on 2 May 2006)

D A Holmes 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.

DIRECTORS' REPORT

AUDITORS

Pursuant to s386 of the 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:



Teresa de Freitas
Company Secretary

Date: 26 | 10 | 2006

Registered Office:

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

Registered number
2637272

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 requirement of the Companies Act 1985.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FULTON PREBON GROUP LIMITED

We have audited the financial statements of Fulton Prebon Group Limited for the year ended 31 December 2005, which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. 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 Generally Accepted Accounting Standards (United Kingdom 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 standards 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 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 or material inconsistencies with the financial statements.

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 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

2006

Deloitte & Touche LLP
27th October 2006

FULTON PREBON GROUP LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2005

		<i>Year ended 31 Dec 2005</i>	<i>Nine Months to 31 Dec 2004</i>
	Note	£'000	£'000
TURNOVER			
Discontinued operations	2,3	-	10,893
Staff costs	5	-	(8,854)
Other administration expenses	4,5	(2,608)	(3,420)
Exceptional item: IDB reorganisation costs		-	(12,441)
OPERATING LOSS			
Discontinued operations	3,6	(2,608)	(13,822)
Interest receivable	7	6,918	2,093
Interest payable	8	(9,528)	(2,872)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,218)	(14,601)
Tax credit on loss on ordinary activities	9	1,507	3,073
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	17	(3,711)	(11,528)

The Company had no recognised gains or losses other than the loss for the current financial year and the preceding period. Accordingly, no separate statement of total recognised gains and losses is presented.

FULTON PREBON GROUP LIMITED

BALANCE SHEET

As at 31 December 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets	10	-	158
Investments	11	<u>275</u>	<u>275</u>
		<u>275</u>	<u>433</u>
CURRENT ASSETS			
Debtors due within one year	12	37,006	82,136
Debtors due after one year	12	60,244	10,128
Cash		<u>-</u>	<u>7,905</u>
		97,250	100,169
CREDITORS: amounts falling due within one year	13	<u>(21,835)</u>	<u>(141,402)</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>75,415</u>	<u>(41,233)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		75,690	(40,800)
CREDITORS: amounts falling due after more than one year	13	(123,438)	-
PROVISIONS FOR LIABILITIES	15	<u>(10)</u>	<u>(3,247)</u>
NET LIABILITIES		<u>(47,758)</u>	<u>(44,047)</u>
CAPITAL AND RESERVES			
Share capital	16	-	-
Profit and loss account		<u>(47,758)</u>	<u>(44,047)</u>
TOTAL DEFICIT ON EQUITY SHAREHOLDERS' FUNDS	17	<u>(47,758)</u>	<u>(44,047)</u>

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

Signed on behalf of the Board of Directors:



D A Holmes
Director

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable law and 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.

Tangible fixed assets

Tangible 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	14%
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Investments

Investments in subsidiary and associated undertakings are shown at cost, adjusted for any impairment in value. Investment income is recorded when dividends are received.

Cash flow statement

The Company is exempt from reporting a cash flow statement in accordance with FRS 1 (revised 1996) 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.

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. All exchange differences are taken to the profit and loss account.

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 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 Group's parent financial statements are publicly available.

Pensions

Contributions to the defined contribution pension schemes are charged to the profit and loss account as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

Leases

Operating lease payments are charged to the profit and loss account on a straight-line basis over the life of the lease.

2. TURNOVER

Turnover is derived from management charges to the subsidiary undertakings of the Company, and arises wholly in the UK.

3. DISCONTINUED OPERATIONS

In January 2005, as part of group restructuring following the acquisition by Collins Stewart Tullett plc in 2004, the Company transferred all of its administration provision activities to Tullett Prebon Limited, a fellow group company. Revenue and costs up to the date of transfer and the comparatives for the year ended 31 December 2004 are shown under discontinued operations.

4. DIRECTORS' EMOLUMENTS

Directors' remuneration in respect of services as directors was as follows:

	<i>Year ended</i> <i>31 Dec</i> <i>2005</i> <i>£'000</i>	<i>Nine</i> <i>months to</i> <i>31 Dec</i> <i>2004</i> <i>£'000</i>
Emoluments, salary and bonuses	-	6,182
Pension contributions to money purchase schemes	-	255
	<u>-</u>	<u>6,437</u>
Compensation for loss of office	-	897

Retirement benefits are accruing to nil (2004: 2) directors under defined contribution schemes.

Included in directors' emoluments is £nil (31 December 2004: £27,000) which relates to rent paid by the Company at estimated market rates for the use of an apartment owned by AM Hughes, a director (resigned 13 October 2004). This lease was terminated on 15 January 2005.

	<i>Year ended</i> <i>31 Dec</i> <i>2005</i> <i>£'000</i>	<i>Nine</i> <i>months to</i> <i>31 Dec</i> <i>2004</i> <i>£'000</i>
Highest paid director:		
Emoluments, salary and bonuses	-	2,496
Pension contributions to money purchase schemes	-	255

NOTES TO THE FINANCIAL STATEMENTS

5. STAFF COSTS

	<i>Year ended 31 Dec 2005 £'000</i>	<i>Nine months to 31 Dec 2000 £'000</i>
Wages and salaries	-	7,501
Social security costs	-	980
Other pension costs	-	373
	<u>-</u>	<u>8,854</u>
Average number of employees	<u>-</u>	<u>33</u>

Redundancy costs of £nil (31 December 2004: £5,733,000) were also charged.

6. OPERATING LOSS

The operating loss is stated after charging:

	<i>Year ended 31 Dec 2005 £'000</i>	<i>Nine Months to 31 Dec 2004 £'000</i>
Operating leases – land and buildings	-	516
Auditors' remuneration – audit fees	-	157
Auditors' remuneration – non audit fees	-	134
Depreciation	-	233
Loss on exchange on monetary balances and balances with group undertakings	<u>-</u>	<u>50</u>
Exceptional items:		
Costs of acquisition	-	5,350
Reorganisation of IDB business	<u>-</u>	<u>7,091</u>
	<u>-</u>	<u>12,441</u>

The operating exceptional item relates to costs associated with the acquisition and the subsequent reorganisation of the IDB business by Collins Stewart Tullett plc.

NOTES TO THE FINANCIAL STATEMENTS

7. INTEREST RECEIVABLE

	<i>Year ended 31 Dec 2005 £'000</i>	<i>Nine months to 31 Dec 2004 £'000</i>
Interest receivable from group undertakings	6,912	2,093
Other interest receivable	6	-
	<u>6,918</u>	<u>2,093</u>

8. INTEREST PAYABLE

	<i>Year ended 31 Dec 2005 £'000</i>	<i>Nine months to 31 Dec 2004 £'000</i>
Amounts payable to group undertakings	9,528	2,847
Interest on overdrafts	-	25
	<u>9,528</u>	<u>2,872</u>

9. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	<i>Year ended 31 Dec 2005 £'000</i>	<i>Nine months to 31 Dec 2004 £'000</i>
Current tax		
United Kingdom corporation tax credit	(2,627)	(1,764)
Tax under provided in previous years	(1,119)	-
	<u>(3,746)</u>	<u>(1,764)</u>
Deferred tax:		
Reversal/(origination) of timing differences	2,239	(1,309)
	<u>(1,507)</u>	<u>(3,073)</u>

NOTES TO THE FINANCIAL STATEMENTS

9. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES (Continued)

Factors affecting the tax credit for the period

	<i>Year ended</i> <i>31 Dec</i> <i>2005</i> <i>£'000</i>	<i>Nine</i> <i>months to</i> <i>31 Dec</i> <i>2004</i> <i>£'000</i>
Loss on ordinary activities before taxation	<u>(5,218)</u>	<u>(14,601)</u>
Corporation tax credit on ordinary activities at the standard UK corporation tax rate of 30%	(1,565)	(4,380)
Timing differences	(1,340)	919
Non deductible expenses	-	1,697
Provision for write down of investment	278	-
Tax under provided in previous years	<u>(1,119)</u>	<u>-</u>
	<u>(3,746)</u>	<u>(1,764)</u>

10. TANGIBLE ASSETS

	<i>Plant</i> <i>and</i> <i>Equipment</i> <i>£'000</i>
Cost	
At 1 January 2005	1,340
Additions	110
Disposals	<u>(1,450)</u>
At 31 December 2005	<u>-</u>
Depreciation	
At 1 January 2005	1,182
Charge for the year	106
Depreciation on disposal	<u>(1,288)</u>
At 31 December 2005	<u>-</u>
Net book value	
At 31 December 2005	<u>-</u>
At 31 December 2004	<u>158</u>

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENTS

	2005 £'000	2004 £'000
At 1 January 2005	275	275
Additions	-	75
Disposals	-	(75)
At 31 December 2005	275	275

Between 15 December 2004 and 29 December 2004 the Group undertook several transactions in order to reorganise and consolidate its interests in the USA. This resulted in the Company's acquisition of approximately 93% of the issued share capital of Fulton Prebon Administrative Services Inc. from Patriot Limited, and the subsequent disposal of the same holding to Collins Stewart Tullett plc, the ultimate parent company.

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
#Prebon Yamane International 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

NOTES TO THE FINANCIAL STATEMENTS

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

12. DEBTORS

	2005 £'000	2004 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	37,006	81,022
Other debtors	-	503
Deferred tax asset	-	611
	<u>37,006</u>	<u>82,136</u>
<i>Amounts falling due after more than one year:</i>		
Amounts owed by group undertakings	60,224	8,500
Deferred tax asset	-	1,628
	<u>60,224</u>	<u>10,128</u>

13. CREDITORS

	2005 £'000	2004 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed to group undertakings	21,835	136,329
Taxation and social security	-	73
Other creditors	-	671
Accruals	-	4,329
	<u>21,835</u>	<u>141,402</u>
<i>Amounts falling due after more than one year:</i>		
Amounts due to group undertakings	<u>123,438</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

14. DEFERRED TAXATION

	2005 £'000	2004 £'000
Timing differences	-	1,027
Accelerated capital allowances	-	1,212
Deferred tax asset	-	2,239
At 1 January 2005	2,239	930
Profit and loss (charge)/credit for the year	(2,239)	1,309
At 31 December 2005 (Note 12)	-	2,239

The Company has tax losses that are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as their future recovery is uncertain. The total deferred tax asset not recognised in the current period is £991,720 (31 December 2004: £991,720).

15. PROVISIONS FOR LIABILITIES

	Professional fees £'000	Building dilapidations £'000	Onerous lease £'000	Total £'000
At 1 January 2005	270	758	2,219	3,247
Charge/(credit) to the profit and loss account	(270)	-	1,023	753
Transfer to group company	-	(758)	(3,232)	(3,990)
Total provisions at 31 December 2005	-	-	10	10

Professional fees

The professional fees provision in the previous year is in respect of potential legal costs of which the payment dates were uncertain. This provision was released during the year.

Building dilapidations

The dilapidations provision on two buildings in London represents the estimated cost of making good the dilapidations and disrepair on both buildings. The leases expire in between four and eight years. During this year, the provision was transferred to another group company.

Onerous leases

The onerous lease provision represents the rental cost for the period until it is reasonably likely that the leasehold interest will be sold or sublet. The leases expire in between four and eight years.

NOTES TO THE FINANCIAL STATEMENTS

16. SHARE CAPITAL

	2005 £	2004 £
Authorised		
1,000 ordinary shares of 10p each	100	100
143 deferred ordinary shares of 10p each	14	14
176 convertible shares of 10p each	18	18
	<u>132</u>	<u>132</u>
	2005 £	2004 £
Allotted, called up and fully paid		
1,000 ordinary shares of 10p each	100	100
143 deferred ordinary shares of 10p each	14	14
176 convertible shares of 10p each	18	18
	<u>132</u>	<u>132</u>

The Company's share classes have the following rights attaching:

Upon a return of capital on liquidation or otherwise, the holder of each class shall receive an amount equal to the face value of the shares held by them. Any remaining assets shall be distributed amongst the ordinary shareholders.

The distribution of profits shall be made to ordinary shareholders pro rata according to the number of shares held. Holders of convertible shares shall be entitled to receive a dividend of 1p per convertible share for every £1,000 of dividends paid with respect to the ordinary shares.

Each ordinary share and deferred share confers the right to exercise one vote at a General Meeting of the Company. The convertible shares shall, as a class, be entitled to 15% of the votes at a General Meeting of the Company.

The Company may redeem the deferred ordinary and convertible shares.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Share capital £'000	Profit and loss account £'000	Total equity shareholders' deficit £'000
At 1 January 2004	-	(32,519)	(32,519)
Loss for the year	-	(11,528)	(11,528)
	<u>-</u>	<u>(44,047)</u>	<u>(44,047)</u>
At 1 January 2005	-	(44,047)	(44,047)
Loss for the year	-	(3,711)	(3,711)
	<u>-</u>	<u>(47,758)</u>	<u>(47,758)</u>

NOTES TO THE FINANCIAL STATEMENTS

18. OPERATING LEASE COMMITMENTS

At 31 December 2005 the Company had annual commitments under non-cancellable operating leases as follows:

Land and Buildings	2005	2004
	£'000	£'000
Operating leases which expire:		
Between two and five years inclusive	-	272
After five years	-	415
	<u>-</u>	<u>687</u>

19. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking and controlling party is Prebon Group Limited.

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