

Registered Number 2637272

FULTON PREBON GROUP LIMITED

**Report and Financial Statements
31 December 2004**



DIRECTORS' REPORT

The directors submit their report and accounts of the Company for the nine months ended 31 December 2004.

Principal activities

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. The directors do not anticipate any change in the Company's activities over the forthcoming year.

Business review

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

During the period the Company changed its year-end from 31 March to 31 December by shortening the current period.

Results and dividends

The loss on ordinary activities after taxation for the nine-month period ended 31 December 2004 was £11,528,000 (year ended 31 March 2004: loss £1,018,000). The deficit for the period ended 31 December 2004 of £11,528,000 (year ended 31 March 2004: deficit £1,018,000) has been transferred from reserves.

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

Directors' and officers' liability

The Company has taken out liability insurance as permitted by Section 310(3) of the Companies Act 1985 to cover directors and officers.

Directors and their interests

The directors of the Company during the period were as follows:

C I Cowan	(resigned 13 October 2004)
AM Hughes	(resigned 13 October 2004)
PM Keenan	(resigned 13 October 2004)
EA Teraskiewicz	(resigned 13 October 2004)
S A Jack	(appointed 13 October 2004)
J D Plasco	(appointed 13 October 2004)

None of the directors who held office at 31 December 2004 had any interests as at that date in the shares of Group companies except for Mr S A Jack, who was a director of CST and whose direct or indirect interests are disclosed in the financial statements of that company and Mr J D Plasco, who was a director of FPGH and whose direct and indirect interests are disclosed in the financial statements of that company.

DIRECTORS' REPORT

No contracts of significance to which the Company, its fellow subsidiary undertakings or its holding company, was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Auditors

By unanimous written resolution passed on 11 November 2004, the Company's shareholder resolved to accept the resignation of PricewaterhouseCoopers LLP and to appoint Deloitte & Touche LLP as the Company's auditors.

The Company has elected pursuant to Section 386 of the Companies Act 1985 to dispense with the requirement to appoint auditors annually and Deloitte & Touche LLP have indicated their willingness to continue in office as auditors.

By order of the board



J M Dearlove
Secretary

24 June 2005

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

Registered number
2637272

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is not appropriate to presume that the Company will continue in business.

The directors confirm that the Company has sufficient financial resources, including bank facilities and other loan arrangements to continue in business for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of Fulton Prebon Group Limited for the nine month period ended 31 December 2004, 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 director's responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

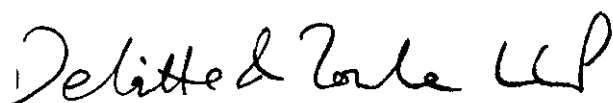
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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.

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2004 and of its loss for the nine month period then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

24th June 2005

FULTON PREBON GROUP LIMITED

PROFIT AND LOSS ACCOUNT

	Note	9 month period ended 31 Dec 2004 £000	Year ended 31 Mar 2004 £000
Turnover	1	10,893	12,530
Administrative expenses		(12,274)	(15,696)
Exceptional items – reorganisation costs	2	<u>(12,441)</u>	<u>-</u>
		(24,715)	(15,696)
Operating loss	2	(13,822)	(3,166)
Interest receivable and similar income	3	2,093	870
Interest payable and similar charges	4	(2,872)	(798)
Loss on ordinary activities before taxation		<u>(14,601)</u>	<u>(3,094)</u>
Tax on loss on ordinary activities	5	3,073	2,076
Loss on ordinary activities after taxation	16	<u>(11,528)</u>	<u>(1,018)</u>

No note of historical cost profits and losses has been presented as there is no difference between the results as shown above and on an unmodified historical cost basis.

There were no gains or losses in the period and preceding year other than shown above and therefore no statement of total recognised gains and losses is presented.

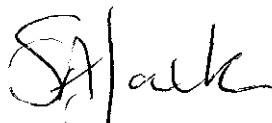
The results above are in respect of continuing operations.

FULTON PREBON GROUP LIMITED

BALANCE SHEET

	Note	As at 31 Dec 2004 £000	As at 31 Mar 2004 £000
Fixed assets			
Tangible assets	8	158	561
Investments	9	275	275
		<u>433</u>	<u>836</u>
Current assets			
Debtors due within one year	10	82,136	31,375
Debtors due after one year	10	10,128	400
Cash		7,905	-
		<u>100,169</u>	<u>31,775</u>
Creditors: amounts falling due within one year	11	<u>(141,402)</u>	<u>(63,827)</u>
Net current liabilities		<u>(41,233)</u>	<u>(32,052)</u>
Total assets less current liabilities		<u>(40,800)</u>	<u>(31,216)</u>
Provisions for liabilities and charges	13	<u>(3,247)</u>	<u>(1,303)</u>
Net liabilities		<u>(44,047)</u>	<u>(32,519)</u>
Capital and reserves			
Share capital	14	-	-
Profit and loss account	15	<u>(44,047)</u>	<u>(32,519)</u>
Total deficit on equity shareholders' funds		<u>(44,047)</u>	<u>(32,519)</u>

The financial statements were approved by the board of directors and signed on its behalf by:


S A Jack
Director

24 June 2005

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

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.

During the period the Company changed its year-end from 31 March to 31 December by shortening the current period.

Investments

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

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, calculated at rates expected to be applicable when the liability or asset crystallises on a non-discounted basis. Deferred tax assets are recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Cash flow statement

As the Company is a wholly owned subsidiary undertaking of a parent company registered in England and Wales which prepares a consolidated cash flow statement, it has taken the exemption permitted by FRS 1 (revised 1996) "Cash flow statements" and is not required to present a cash flow statement in these accounts.

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

Leases

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

Turnover

Turnover is derived from management charges to the subsidiary undertakings of the Company.

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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2 Operating loss

The operating loss is stated after (crediting)/charging:

	9 month period ended 31 Dec 2004 £000	Year ended 31 Mar 2004 £000
Operating leases – land and buildings	516	1,085
Auditors' remuneration – audit fees	157	427
Auditors' remuneration – non audit fees	134	983
Depreciation	233	308
Loss/(gain) on exchange on monetary balances and balances with Group undertakings	<u>50</u>	<u>(2,429)</u>
Exceptional items:		
Costs of acquisition	5,350	-
Reorganisation of IDB business	<u>7,091</u>	<u>-</u>
	<u>12,441</u>	<u>-</u>

The operating exceptional item relates to costs associated with the acquisition by CST and the subsequent reorganisation of the IDB business.

3 Interest receivable and similar income

	9 month period ended 31 Dec 2004 £000	Year ended 31 Mar 2004 £000
Interest receivable from Group undertakings	<u>2,093</u>	<u>870</u>

NOTES TO THE FINANCIAL STATEMENTS

4 Interest payable and similar charges

	9 month period ended 31 Dec 2004 £000	Year ended 31 Mar 2004 £000
Amounts payable to group undertakings	2,847	791
Interest on overdrafts	25	7
	<u>2,872</u>	<u>798</u>

5a Taxation

	9 month period ended 31 Dec 2004 £000	Year ended 31 Mar 2004 £000
The tax credit comprises:		
UK corporation tax for the period	1,764	1,146
Deferred tax (Note 12)	1,309	930
	<u>3,073</u>	<u>2,076</u>

5b Factors affecting the tax credit for the period

	9 month period ended 31 Dec 2004 £000	Year ended 31 Mar 2004 £000
Loss on ordinary activities before taxation	<u>(14,601)</u>	<u>(3,094)</u>
Corporation tax on ordinary activities at the standard UK corporation tax rate of 30%	4,380	928
Timing differences	(919)	479
Non deductible expenses	<u>(1,697)</u>	<u>(261)</u>
	<u>1,764</u>	<u>1,146</u>

NOTES TO THE FINANCIAL STATEMENTS

6 Employees

	9 month period ended 31 Dec 2004 £000	Year ended 31 Mar 2004 £000
a. Staff costs (including directors)		
Wages and salaries	7,501	4,476
Social security costs	980	1,063
Other pension costs	373	374
	<u>8,854</u>	<u>5,913</u>
b. Average number of employees	<u>33</u>	<u>30</u>

Redundancy costs of £5,733,175 (31 March 2004: £nil) were also charged.

7 Directors' emoluments

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

	9 month period ended 31 Dec 2004 £000	Year ended 31 Mar 2004 £000
Emoluments, salary and bonuses	6,182	5,082
Pension contributions to money purchase schemes	255	188
	<u>6,437</u>	<u>5,270</u>
Compensation for loss of office	<u>897</u>	<u>-</u>

Retirement benefits are accruing to two (2003: three) directors under defined contribution schemes.

Included in directors' emoluments is £27,000 (31 March 2004: £38,000) 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.

	9 month period ended 31 Dec 2004 £000	Year ended 31 Mar 2004 £000
Highest paid director:		
Emoluments, salary and bonuses	2,496	2,688
Pension contributions to money purchase schemes	<u>255</u>	<u>188</u>

NOTES TO THE FINANCIAL STATEMENTS

8 Tangible assets

	Plant and Equipment £000
Cost	
At 1 April 2004	1,619
Disposals	<u>(279)</u>
At 31 December 2004	<u>1,340</u>
Accumulated depreciation	
At 1 April 2004	1,058
Disposals	(109)
Charge for the year	<u>233</u>
At 31 December 2004	<u>1,182</u>
Net book value at 31 December 2004	<u>158</u>
Net book value at 31 March 2004	<u><u>561</u></u>

9 Investments

	Subsidiary undertakings £000
At 1 April 2004	275
Additions	75,268
Disposals	<u>(75,268)</u>
At 31 December 2004	<u>275</u>

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.

A list of principal subsidiary undertakings and associates at 31 December 2004 is given in note 19.

NOTES TO THE FINANCIAL STATEMENTS

10 Debtors

	As at 31 Dec 2004 £000	As at 31 Mar 2004 £000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	81,022	30,269
Other debtors	503	576
Deferred tax asset	611	530
	<u>82,136</u>	<u>31,375</u>
<i>Amounts falling due after more than one year:</i>		
Amounts owed by group undertakings	8,500	-
Deferred tax asset	1,628	400
	<u>10,128</u>	<u>400</u>

11 Creditors

	As at 31 Dec 2004 £000	As at 31 Mar 2004 £000
<i>Amounts falling due within one year:</i>		
Bank overdraft	-	5,257
Amounts owed to group undertakings	136,329	50,964
Taxation and social security	73	575
Other creditors	671	5
Accruals	4,329	7,026
	<u>141,402</u>	<u>63,827</u>

12 Deferred taxation

	As at 31 Dec 2004 £000	As at 31 Mar 2004 £000
Timing differences	1,027	-
Accelerated capital allowances	1,212	930
Deferred tax asset	<u>2,239</u>	<u>930</u>
At 1 April 2004	930	-
Profit and loss credit for the year	1,309	930
At 31 December 2004, (Note 10)	<u>2,239</u>	<u>930</u>

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 March 2004: £1,590,000).

NOTES TO THE FINANCIAL STATEMENTS

13 Provisions for liabilities and charges

	Professional fees £000	Building dilaps £000	Onerous leases £000	Total £000
At 1 April 2004	545	758	-	1,303
Charge/(credit) to the profit and loss account	(275)	-	2,219	1,944
Total provisions at 31 December 2004	<u>270</u>	<u>758</u>	<u>2,219</u>	<u>3,247</u>

Professional fees

The professional fees provision is in respect of potential legal costs of which the payment dates are uncertain.

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 4 and 8 years.

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 4 and 8 years.

14 Share capital

	As at 31 Dec 2004 £	As at 31 Mar 2004 £
Authorised, issued 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 on 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.

NOTES TO THE FINANCIAL STATEMENTS

15 Reserves

	Profit and loss account £000
At 1 April 2004	32,519
Retained loss for the period	<u>11,528</u>
At 31 December 2004	<u><u>44,047</u></u>

16 Reconciliation of movements in shareholders' funds

	As at 31 Dec 2004 £000	As at 31 Mar 2004 £000
Loss on ordinary activities after taxation	11,528	1,018
Opening deficit on shareholders' funds	<u>32,519</u>	<u>31,501</u>
Closing deficit on shareholders' funds	<u><u>44,047</u></u>	<u><u>32,519</u></u>

17 Operating lease commitments

At 31 December 2004 the Company had annual commitments under non-cancellable operating leases as follows:

Land and Buildings	As at 31 Dec 2004 £000	As at 31 Mar 2004 £000
Operating leases which expire:		
Between two and five years inclusive	272	272
After five years	<u>415</u>	<u>415</u>
	<u><u>687</u></u>	<u><u>687</u></u>

18 Parent undertaking and controlling party

The Company's immediate parent undertaking is Prebon Group Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party was Fulton Prebon Group Holdings Limited prior to 13 October 2004. From 13 October 2004 the ultimate parent and controlling party is Collins Stewart Tullett plc.

Collins Stewart Tullett plc has included the Company in its group accounts.

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

NOTES TO THE FINANCIAL STATEMENTS

19 Principal subsidiaries and associates

At 31 December 2004 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.

Principal subsidiary undertakings	Country of incorporation	Ownership and voting rights %
#Prebon Yamane International Limited	Great Britain	100
Prebon Marshall Yamane (UK) Limited	Great Britain	100
#Prebon Administration Limited	Great Britain	100
Patriot Limited	Great Britain	100
Prebon Yamane (Luxembourg) SA	Luxembourg	100
Prebon Yamane (Polska) Sp.z o.o.	Poland	100
Cosmorex AG	Switzerland	100
#Prebon Holdings BV	The Netherlands	100
Prebon Data Services (Bermuda) Limited	Bermuda	100
Prebon Limited	Great Britain	100
+Fulton Prebon (Malaysia) Sdn Bhd	Malaysia	25
Prebon Yamane (Hong Kong) Limited	Hong Kong	100
Prebon Yamane (Singapore) Limited	Singapore	100
Prebon Energy (Singapore) Pte Limited	Singapore	100
Prebon Yamane Financial Services (Singapore) Pte Limited	Singapore	100
Tappa (Hong Kong) Limited	Hong Kong	60
PT Inti Prebon Moneybrokers	Indonesia	57
Prebon Philippines Inc	Philippines	51
Prebon Yamane (Australia) Pty Limited	Australia	100
+Prebon Yamane (India) Limited	India	48
Prebon Yamane Money Markets (Australia) Pty Limited	Australia	100
Tappa Holdings Limited	Hong Kong	100

+Associated companies