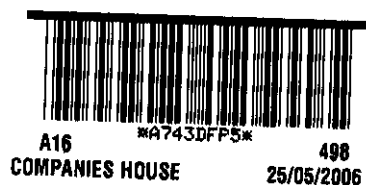


TULLETT PREBON (TREASURY & DERIVATIVES) LIMITED
(FORMERLY TULLETT LIBERTY (TREASURY AND DERIVATIVES) LIMITED)

Report and Financial Statements
31 December 2005



Tullett Prebon (Treasury & Derivatives) Limited (Formerly Tullett Liberty (Treasury and Derivatives) Limited)

DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £12,024,000 (2004 – £11,470,000) and will be transferred to reserves.

The directors do not recommend payment of a dividend (2004 - £6,000,000). The 2004 dividend per share was £0.60.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company's principal activity during the year continued to be that of a name-passing broker in foreign exchange, cash and off balance sheet financial instruments. The Company is regulated by the Financial Services Authority.

The London based IDB business suffered disruption at the end of August owing to a fire in the basement of our head office, Cable House. This interrupted trading in some products but the implementation of our disaster recovery programme ensured that most products were fully operational again very soon after the fire. Insurance claims have been made, and in large part settled, in respect of the costs incurred and the revenues lost as a result of the fire.

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.

Credit Risk is mitigated through the rigorous assessment of all new clients and through an annual review of the credit worthiness of existing clients.

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

DIRECTORS AND THEIR INTERESTS

The following directors held office during the year:

M P Bolton	P Moss (Resigned 31 December 2005)
S Bright (Appointed 4 May 2005)	R Osborne (Appointed 4 May 2005)
N M Brown	L Page (Appointed 4 May 2005)
S R Corker	R Parkes
B Dennahy	N J J Potter (Appointed 2 March 2005)
S C Duckworth	S Rogers
I Granat (Appointed 4 May 2005)	N K Standen (Resigned 21 January 2005)
G D Harris	A N Verrier
S Horkulak	A J D Wink
S D Lewis	P K Wraith (Resigned 31 August 2005)
C F McGauley	

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

Tullett Prebon (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) Limited)

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

The disclosable interest of the directors of Tullett Prebon (Treasury & Derivatives) 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 these share schemes 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 the year</i>	<i>Shares at 31 December 2005</i>
M P Bolton	93,727	-	-	93,727
N M Brown	11,002	-	-	11,002
S R Corker	19,905	-	-	19,905
B Dennahy	31,266	-	-	31,266
S C Duckworth	57,373	-	-	57,373
N J Potter	-	5,000	-	5,000
A J Wink	32,708	-	-	32,708
Total	245,981	5,000	-	250,981

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 the year</i>	<i>Cancelled in year</i>	<i>At 31 December 2005</i>
M P Bolton	£3.49	90,000	-	-	-	90,000
S R Corker	£3.49	60,000	-	-	-	60,000
S C Duckworth	£3.49	90,000	-	-	-	90,000
A J Wink	£3.49	90,000	-	-	-	90,000
		330,000	-	-	-	330,000

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.

Tullett Prebon (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) Limited)

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

OPTIONS IN COLLINS STEWART TULLETT PLC

TL EQUITY INCENTIVE PLAN DETAILS

	<i>Exercise price</i>	<i>At 1 January 2005*</i>	<i>Granted in year</i>	<i>Exercised during the year</i>	<i>Cancelled in year</i>	<i>At 31 December 2005</i>
M P Bolton	£1.00 in total	84,836	-	-	-	84,836
N M Brown	£1.00 in total	42,418	-	-	-	42,418
S R Corker	£1.00 in total	26,511	-	-	-	26,511
S C Duckworth	£1.00 in total	110,110	-	-	-	110,110
G D Harris	£1.00 in total	10,604	-	-	-	10,604
S Horkulak	£1.00 in total	53,022	-	-	-	53,022
S D Lewis	£1.00 in total	31,813	-	-	-	31,813
C F McGauley	£1.00 in total	31,813	-	-	-	31,813
R G Parkes	£1.00 in total	10,604	-	-	-	10,604
N J Potter	£1.00 in total	25,000	-	-	-	25,000
A N Verrier	£1.00 in total	100,000	-	-	-	100,000
A J Wink	£1.00 in total	84,836	-	-	-	84,836
		<u>611,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>611,567</u>

*or at the date of appointment.

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

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

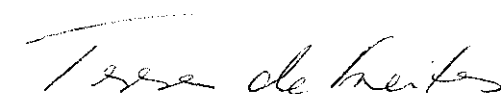
CHANGE OF NAME

On the 1 September 2005 the Company changed its name from Tullett Liberty (Treasury and Derivatives) Limited to Tullett Prebon (Treasury & Derivatives) Limited.

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.

Signed on behalf of the Board of Directors:



Teresa de Freitas
Company Secretary

Date: 30/03/06

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

Registered No:
966604

Tullett Prebon (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) 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;
- 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 requirements 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 (TREASURY AND DERIVATIVES) LIMITED

We have audited the financial statements of Tullett Prebon (Treasury & Derivatives) Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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 United Kingdom 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 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



Chartered Accountants and Registered Auditors
London

Date

30th March 2006

Tullett Prebon (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) Limited)

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2005

	<i>Notes</i>	<i>2005</i> <i>£000</i>	<i>2004</i> <i>£000</i>
TURNOVER	2	97,888	88,975
Staff costs	5	(55,055)	(48,869)
Other administration expenses		(24,072)	(22,599)
Exceptional item: IDB Reorganisation costs	6	(1,860)	(2,995)
Total administration expenses		(80,987)	(74,463)
Other income	7	769	2,291
OPERATING PROFIT	3	17,670	16,803
Interest receivable	8	1,295	-
Interest payable	9	(28)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		18,937	16,803
Tax charge on profit on ordinary activities	10	(6,913)	(5,333)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR	16	12,024	11,470

The Company had no recognised gains or losses other than the profit for the current financial year and 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 year.

Tullett Prebon (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) Limited)

BALANCE SHEET
as at 31 December 2005

	<i>Notes</i>	<i>2005</i> <i>£000</i>	<i>2004</i> <i>£000</i>
FIXED ASSETS			
Intangible assets	11	2,067	2,370
Investments	12	922	-
		<u>2,989</u>	<u>2,370</u>
CURRENT ASSETS			
Debtors	13	38,804	27,248
CREDITORS: amounts falling due within one year	14	(1,529)	(1,378)
NET CURRENT ASSETS		<u>37,275</u>	<u>25,870</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>40,264</u>	<u>28,240</u>
NET ASSETS		<u>40,264</u>	<u>28,240</u>
CAPITAL AND RESERVES			
Called up share capital	15	10,000	10,000
Capital redemption reserve	16	2,051	2,051
Profit and loss account	16	28,213	16,189
EQUITY SHAREHOLDERS' FUNDS	16	<u>40,264</u>	<u>28,240</u>

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 (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) 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 10 years, being its estimated useful economic life.

Investments

Investments held as fixed assets are recorded at cost, adjusted for any permanent impairment in value. Investment income is recorded when dividends are received.

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 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 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 item or income and expenditure in taxation computations in periods different from those in which they are included in financial statement. 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.

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 (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) 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:

	2005	2004
	£000	£000
Europe	82,878	76,874
North America	14,010	11,155
Asia Pacific	1,000	946
	<u>97,888</u>	<u>88,975</u>

3. OPERATING PROFIT

This is stated after charging:

	2005	2004
	£000	£000
Goodwill amortisation	303	302
	<u>303</u>	<u>302</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, and recovered from Tullett Prebon (Treasury & Derivatives) Limited by way of a management charge.

4. DIRECTORS' EMOLUMENTS

	2005	2004
	£000	£000
Emoluments (including pension contributions)	10,398	6,938
	<u>10,398</u>	<u>6,938</u>
Company contributions paid to pension schemes	131	110
	<u>131</u>	<u>110</u>

At 31 December 2005 retirement benefits were accruing to 18 (2004 – 14) directors under a defined contribution scheme.

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

	2005	2004
	£000	£000
Emoluments (excluding pension contributions)	2,381	1,383
	<u>2,381</u>	<u>1,383</u>
Company contributions paid to pension schemes	16	7
	<u>16</u>	<u>7</u>

Tullett Prebon (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) Limited)

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

4. DIRECTORS' EMOLUMENTS (continued)

Details of directors' share options are provided in the Directors' Report on page 2.

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, of fellow subsidiary undertakings and this company.

5. STAFF COSTS

	2005	2004
	£000	£000
Wages and salaries	48,251	42,545
Social security costs	6,018	5,225
Other pension costs	786	1,099
	<u>55,055</u>	<u>48,869</u>

The Company's operations are carried out by employees of Tullett Prebon Limited. Staff costs represent amounts charged to the Company as a direct allocation of expenses by Tullett Prebon Limited. During the year, the average monthly number of employees (including directors) identified as being directly involved in the operation of the company was 202 (2004 - 228).

A group pension scheme is operated for the employees of Tullett Prebon Limited. The scheme previously provided benefits based on final pensionable pay, but effective 1 November 1991 the scheme was converted to a defined contribution scheme. Employees in service at the date of the change receive benefits on the better of the two bases.

Full details of the defined benefit scheme including the main financial assumptions, are disclosed in accordance with FRS 17 in the financial statements of Tullett Prebon Limited.

The pension charge for the year was £789,535 (2004 - £1,098,834) which represents a direct allocation of expenses to the Company by Tullett Prebon Limited.

Tullett Prebon (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

6. 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 £1,860,000 costs (2004 - £2,995,000) and involved the restructuring of broking desks and ensuing redundancies. The integration exercise was completed before the year end and accordingly no further integration costs are anticipated.

7. OTHER INCOME

Other income in 2005 consists of insurance claims of £769,000 in respect of revenues lost as a result of a fire at the company's head office (2004 - £nil).

	2005 £000	2004 £000
Insurance claim	769	-
Profit on liquidation of fixed asset investment	-	2,216
Miscellaneous income	-	75
	<u>769</u>	<u>2,291</u>

8. INTEREST RECEIVABLE

	2005 £000	2004 £000
Group interest receivable	1,295	-
	<u>1,295</u>	<u>-</u>

9. INTEREST PAYABLE

	2005 £000	2004 £000
Group interest payable	28	-
	<u>28</u>	<u>-</u>

Tullett Prebon (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

10. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2005 £000	2004 £000
United Kingdom corporation tax at 30%	6,758	5,381
Adjustment to tax in respect of previous periods	155	(48)
	<u>6,913</u>	<u>5,333</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% (2004 – 30%). The differences are reconciled below:

	2005 £000	2004 £000
Profit on ordinary activities before tax	18,937	16,803
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	5,681	5,041
Expenses not deductible for tax purposes	1,077	1,005
Non-taxable gain on sale of investment	-	(665)
Adjustments to tax in respect of previous periods	155	(48)
	<u>6,913</u>	<u>5,333</u>

The tax credit on reorganisation totalled £569,100 (2004 - £898,900).

11. INTANGIBLE ASSETS

Intangible assets relate to goodwill from the acquisition of businesses from Tullett Liberty GmbH, another group company, on 1 November 2002.

	Cost £000	Amortisation £000	Total £000
At 1 January 2004	3,025	(353)	2,672
Amortisation for year	-	(302)	(302)
At 1 January 2005	3,025	(655)	2,370
Amortisation for year	-	(303)	(303)
At 31 December 2005	<u>3,025</u>	<u>(958)</u>	<u>2,067</u>

Tullett Prebon (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

12. FIXED ASSET INVESTMENTS

	<i>Shares in associates £'000</i>
Cost at 1 January 2005	-
Investment in associate in Shanghai	922
Cost at 31 December 2005	<u>922</u>

Tullett Prebon (Treasury & Derivatives) Limited acquired 33% of the registered share capital of Tullett Prebon SITICO (China) Limited on the 19 December 2005. The company was incorporated in Shanghai, China.

The investment above has not been revalued in the financial statements but the directors consider that the market value at 31st December 2005 was not less than the net book value shown in the financial statements.

The Company is exempt from the obligation to prepare and deliver group financial statements because it is included in the group financial statements of Collins Stewart Tullett plc.

13. DEBTORS

	<i>2005 £000</i>	<i>2004 £000</i>
Trade debtors	16,380	12,914
Amount owed from group undertakings	20,753	13,299
Prepayments and accrued income	1,671	1,035
	<u>38,804</u>	<u>27,248</u>

As at 31 December 2005 £1,551,000 (2004 - £953,500) of prepaid bonuses were included in Prepayments and accrued income.

14. CREDITORS: amounts falling due within one year

	<i>2005 £000</i>	<i>2004 £000</i>
Trade Creditors	922	463
Corporation tax	327	723
Accruals and deferred income	280	192
	<u>1,529</u>	<u>1,378</u>

Tullett Prebon (Treasury & Derivatives) Limited
(Formerly Tullett Liberty (Treasury and Derivatives) Limited)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

15. SHARE CAPITAL

	2005 £000	2004 £000
Authorised: 10,000,000 ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
	£000	£000
Allotted, called up and fully paid: 10,000,000 at £1 each	<u>10,000</u>	<u>10,000</u>

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity shareholders' funds £000
At 1 January 2004	10,000	2,051	10,719	22,770
Profit for the year	-	-	11,470	11,470
Dividend	-	-	(6,000)	(6,000)
At 1 January 2005	<u>10,000</u>	<u>2,051</u>	<u>16,189</u>	<u>28,240</u>
Profit for the year	-	-	12,024	12,024
At 31 December 2005	<u>10,000</u>	<u>2,051</u>	<u>28,213</u>	<u>40,264</u>

17. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Tullett Liberty (European Holdings) 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.