Annual Report and Accounts

For the year ended 31 May 2006

Fiske plc

Contents

Directors, Secretary and Advisers

DIRECTORS

Michael John Allen *Chairman**

Clive Fiske Harrison *Chief Executive Officer*

Byron Antony Fiske Harrison

Francis Gerard Luchini *Compliance Director*

Alan Dennis Meech *Dealing Director*

Stephen John Cockburn*

Martin Henry Withers Perrin*

**Non-Executive*

COMPANY SECRETARY

Francis Gerard Luchini

REGISTERED OFFICE

Salisbury House
London Wall
London EC2M 5QS

REGISTERED NUMBER

2248663

NOMINATED ADVISER

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

BROKER

Fiske plc
Salisbury House
London Wall
London EC2M 5QS

SOLICITORS

Dechert
160 Queen Victoria Street
London EC4V 4QQ

AUDITORS

Deloitte & Touche LLP
London

BANKERS

National Westminster Bank Plc
City Markets Group
9th Floor
280 Bishopsgate
London EC2M 4RB

REGISTRARS

Capita IRG Plc
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Directors' Biographies

Details of the directors and their backgrounds are as follows:

Michael John Allen (aged 68) –
Non-Executive Chairman

Michael Allen joined the board as an independent non-executive director in November 2002. He is a former group vice-president of the Procter and Gamble Company and a director of Alliance and Leicester plc. He is Chairman of the Remuneration and Nomination Committee and a member of the Audit Committee.

Clive Fiske Harrison (aged 66) –
Chief Executive Officer

Clive Harrison started his career with Panmure Gordon in 1961 and moved to Hodgson & Baker (subsequently renamed Sandleson & Co) in 1965. He founded Fiske & Co in 1973 and has been senior partner and latterly chief executive officer since that time. He is responsible for overall day-to-day management of the company and also heads the Corporate Finance unit.

Byron Antony Fiske Harrison (aged 39) –

Byron Harrison joined the board as a director on 1 June 2006. He was an executive director at Goldman Sachs (Singapore) Pte responsible for institutional equity sales. He was previously with Indosuez WI Carr Securities Singapore as head of international sales.

Francis Gerard Luchini (aged 65) –
Compliance Director

Gerard Luchini joined Fiske as compliance officer in July 1997 and became a director in January 1998. He was formerly a compliance officer with the Royal Bank of Canada. He has responsibility for all compliance and regulatory matters at the firm. He is Chairman of the Risk Management Committee.

Alan Dennis Meech (aged 54) –
Dealing Director

Alan Meech joined Fiske as a dealer in 1985 and became director in charge of the dealing desk in May 1989. He was previously with J M Finn. His role at Fiske also includes responsibility for some areas of credit control and is a member of the Risk Management Committee.

Stephen John Cockburn (aged 66) –
Non-Executive

Stephen Cockburn joined the board as a non-executive director in September 1999. He was the chairman and principal shareholder of Ionian Group Limited which was acquired by Fiske in June 2002. He is a director of a number of investment trust companies.

Martin Henry Withers Perrin (aged 52) –
Non-Executive

Martin Perrin joined the board as a non-executive director in November 2003. He is a chemist and a chartered accountant with wide experience of operations and finance in industry. He was a partner in Grahams Rintoul & Co, a fund management company, which was sold to Lazards where he gained further investment management and corporate finance experience. He is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

Chairman’s Statement

The year ended 31 May 2006 resulted in a profit before tax of £513,000 compared with £558,000 (which included £246,000 from the final sale of London Stock Exchange shares) profit in the previous year. This was after a provision for amortisation of goodwill of £150,000 for the year. Of this provision half was in respect of the goodwill incurred in the purchase of business assets four years ago which are now fully amortised. The other half is in respect of the goodwill incurred in the purchase of the Ionian Group.

In relation to the Ionian Group, of its original cost of £1,146,000 some £696,000 has been amortised leaving a carrying value of £450,000. The board, in accordance with current accounting conventions, now assesses annually whether this is fair value. The fees generated by this division exceed £200,000 a year and as a result the board is of the opinion that the carrying value of £450,000 represents fair value.

In December 2005 we renewed the lease on our premises at Salisbury House on favourable terms for a further 5 years and took the opportunity to invest in open planning and improving our office facilities. We believe that this will lead to greater productivity from our hardworking employees and associates.

At our year end Philip Lovegrove (aged 69) retired from the board. Philip joined Fiske on the acquisition of the Ionian Group in June 2002 and has been a source of good business leads and wise counsel over the past four years. He will be remaining as a consultant to the company. At the same time Byron Fiske Harrison (aged 39) who recently joined us from Goldman Sachs in Singapore joined the board as an Executive Director.

The current year has started quietly but with our contingent liabilities now practically eliminated and our fee income steadily building up we are in a position to face the current year with confidence. Our funds under management, which are mainly advisory funds, have shown significant growth in recent years and are a major source of strength for the company.

M J Allen
Chairman
29 August 2006

Corporate Governance

The board has given consideration to the code provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the Financial Services Authority. Although AIM companies are not required to give Corporate Governance disclosure, the directors have chosen to provide certain information which they believe will be helpful having regard to the scale and nature of the company's activities.

Going Concern

After making due and careful enquiry, the directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Internal Control

The board of directors recognises that it is responsible for the company's systems of internal control and for reviewing their effectiveness. Such systems, which include financial, operational and compliance controls and risk management, have been designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- the ongoing identification, evaluation and management of the significant risks faced by the company;
- regular consideration by the board of actual financial results;
- compliance with operating procedures and policies;
- annual review of the company's insurance cover;
- defined procedures for the appraisal and authorisation of capital expenditure and capital disposals; and
- regular consideration of the company's liquidity position.

When reviewing the effectiveness of the systems of internal control, the board has regard to:

- a quarterly report from the compliance director covering FSA regulatory matters and conduct of business rules;
- the level of customer complaints;
- the prompt review of daily management reports including previous days' bargains, unsettled trades and outstanding debtors;
- the regular reconciliation of all bank accounts, internal accounts and stock positions; and
- Management Committee meetings of executive directors to identify any problems or new areas of risk.

Remuneration and Nomination Committee

The principal function of the Remuneration and Nomination Committee is to determine the policy on key executives' remuneration in order to attract, retain and motivate high calibre individuals with a competitive remuneration package. The Committee consists of M J Allen (Chairman), C F Harrison and M H W Perrin.

Remuneration for executives comprises basic salary, a performance-related bonus, share options and other benefits in kind. Full details of directors' remuneration and share options granted are given in the notes to the financial statements and the Directors' Report.

In addition, the Committee reviews the composition of the board on an annual basis and is responsible to the board for recommending all new board appointments.

Audit Committee

The Audit Committee, comprising M H W Perrin (Chairman) and M J Allen, meets at least twice a year. It reviews the company's external audit arrangements, including the cost effectiveness of the audit and the independence and objectivity of the auditors. It also reviews the interim and full year financial statements prior to their submission to the board, the application of the company's accounting policies, any changes to financial reporting requirements and such other related matters as the board may direct. The external auditors and executive directors may be invited to attend the meetings.

Risk Management Committee

The Risk Management Committee, comprising F G Luchini (Chairman), A D Meech and J P Q Harrison, meets at least twice a year. Its principal function is to identify and evaluate the key risk areas of the business and ensure those risks can be managed at a level acceptable to the board.

Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 May 2006.

Activities and business review

The principal activity of the group consists of private client and institutional stockbroking, investment management and the provision of corporate financial advice. The company is authorised and regulated by the Financial Services Authority and is a member of The London Stock Exchange.

A review of the year is contained in the Chairman's Statement on page 4.

Results and dividends

The results of the group for the year are set out on page 10. The company has adopted FRS21 – Events after the balance sheet date and has restated the comparatives accordingly. The final dividend for the year end 31 May 2005 was paid on 7 October 2005 (2005 – 2p), a first interim dividend of 2p was paid on 24 March 2006 (2005 – 2p) and a second interim dividend was declared which will be paid on 29 September 2006 (2005 – nil) making the total in the year of 6p. The shares will be marked ex-dividend on the 6 September 2006. No final dividend is proposed (2005 – 2p).

Directors' interest - Shares

The directors who served during the year and to the date of this report and their beneficial interests, including those of their spouses, at the end of the year in the shares of the company were as follows:

	Ordinary 25p shares at 31 May 2006	Ordinary 25p shares at 31 May 2005
M J Allen	**16,000**	16,000
S J Cockburn	**830,972**	830,972
B A F Harrison (appointed 1 June 2006)	**280,000**	280,000
C F Harrison	**2,334,828**	2,334,828
P A Lovegrove (resigned 31 May 2006)	**253,000**	253,000
F G Luchini	**24,000**	24,000
A D Meech	**198,000**	298,000
M H W Perrin	**15,000**	15,000

There have been no changes in the directors' shareholding since 31 May 2006.

Directors' interests – Share options

Details of directors' options over ordinary shares are as follows:

		Number of options							
		At start of year	Granted during year	Exercised during year	Expired during year	At end of year	Exercise price	Market price on date of exercise	Date from which exercisable
F G Luchini	Unapproved Scheme	75,000	–	–	–	75,000	28.75p	–	01.01.05

The closing mid-market price of the company's ordinary 25p shares at 31 May 2006 was 91p (2005 – 76.5p).

Major shareholdings

Shareholders holding more than 3% of the shares of the company at the date of this report were:

	Ordinary shares	%
C F Harrison	2,334,828	28.10
S J Cockburn	830,972	9.99
The Investment Company plc	455,000	5.48
Mrs C M Short	386,029	4.65
A R F Harrison	315,848	3.80
B A F Harrison	280,000	3.37
P A Lovegrove	253,000	3.04

Supplier payment policy

It is the company's policy to pay suppliers promptly on the receipt of an accurate invoice. As at 31 May 2006 the number of creditor days in respect of trade creditors was 41 days (2005: 37 days).

Financial Instruments

The board of directors reviews and agrees policies for managing its financial instruments' risk. The main risks for which the company is exposed are in respect of market risk, in trading as agent in equities and debt instruments, and credit risk. Fixed asset investments are reviewed monthly by the directors (see note 26).

Disclosure of information to auditors

Each of the directors at the date of approval of this report confirms that:

(i) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(ii) The director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Auditors

A resolution to reappoint Deloitte & Touche LLP as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

F G Luchini
Secretary

29 August 2006

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 and group 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 group and of the profit or loss of the group for that period and comply with the UK GAAP and Companies Act 1985. In preparing those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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.

Independent Auditors' Report to the Members of Fiske plc

We have audited the group and individual company financial statements ("the financial statements") of Fiske plc for the year ended 31 May 2006 which comprise the consolidated profit and loss account, the consolidated and individual company balance sheets, the consolidated cash flow statement, the notes to the consolidated cash flow statement, the statement of accounting policies and the related notes 1 to 26. These financial statements have been prepared under accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant 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 to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and 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 circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and preformed 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 Practices, of the state of the group's and individual company's affairs as at 31 May 2006 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

Chartered Accountants
and Registered Auditors
London, England

29 August 2006

Consolidated Profit and Loss Account

Year ended 31 May 2006

	Notes	2006 £'000	2005 (restated) £'000
TURNOVER			
Gross commission and similar income	1	**4,420**	3,924
Commission payable	1	**(1,237)**	(1,115)
Other income	1	**152**	199
		3,335	3,008
OPERATING COSTS			
Staff costs	2	**(1,300)**	(1,259)
Amortisation of intangible fixed assets	10	**(207)**	(184)
Depreciation	11	**(43)**	(53)
Other operating charges		**(1,470)**	(1,452)
		(3,020)	(2,948)
OPERATING PROFIT	4	**315**	60
Gain on disposal of fixed asset investment	13	**8**	263
Other income from fixed asset investments	13	**17**	40
Interest receivable and similar income	5	**181**	203
Interest payable and similar charges	6	**(8)**	(8)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**513**	558
Taxation charge on profit on ordinary activities	7	**(163)**	(175)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**350**	383
Dividends paid	8	**(332)**	(331)
Retained profit for the financial year	22	**18**	52
Retained profit brought forward		**992**	940
Retained profit carried forward		**1,010**	992
Basic earnings per share	9	**4.2p**	4.6p
Diluted earnings per share	9	**4.2p**	4.6p
Headline earnings per share	9	**5.8p**	4.1p
Headline diluted earnings per share	9	**5.7p**	4.1p

All activities relate to continuing operations; there are no recognised gains or losses other than the profit for the current and prior years as shown above.

Consolidated Balance Sheet

31 May 2006

	Notes	2006 £'000	2005 (restated) £'000
FIXED ASSETS			
Intangible assets	10	**697**	622
Tangible assets	11	**192**	41
Other investments	13	**176**	108
		1,065	771
CURRENT ASSETS			
Market and client debtors	14	**6,518**	16,643
Other debtors	15	**298**	380
Investments	16	**–**	164
Cash at bank and in hand	17	**4,265**	3,575
		11,081	20,762
CREDITORS: amounts falling due within one year			
Market and client creditors	18	**(7,190)**	(16,574)
Other creditors	19	**(683)**	(704)
		(7,873)	(17,278)
NET CURRENT ASSETS		**3,208**	3,484
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,273**	4,255
PROVISION FOR LIABILITIES AND CHARGES	20	**–**	–
NET ASSETS		**4,273**	4,255
CAPITAL AND RESERVES			
Called up share capital	21	**2,078**	2,078
Share premium account	22	**1,185**	1,185
Profit and loss account	22	**1,010**	992
EQUITY SHAREHOLDERS' FUNDS	22	**4,273**	4,255

These financial statements were approved by the Board of Directors on 29 August 2006.

Signed on behalf of the Board of Directors

C F Harrison
Chief Executive Officer

Company Balance Sheet

31 May 2006

	Notes	2006 £'000	2005 (restated) £'000
FIXED ASSETS			
Intangible assets	10	**697**	622
Tangible assets	11	**192**	41
Investment in subsidiaries	12	**432**	432
Other investments	13	**176**	108
		1,497	1,203
CURRENT ASSETS			
Market and client debtors	14	**6,518**	16,643
Other debtors	15	**298**	380
Investments	16	**–**	164
Cash at bank and in hand	17	**4,265**	3,575
		11,081	20,762
CREDITORS: amounts falling due within one year			
Market and client creditors	18	**(7,190)**	(16,574)
Other creditors	19	**(1,168)**	(1,189)
		(8,358)	(17,763)
NET CURRENT ASSETS		**2,723**	2,999
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,220**	4,202
PROVISION FOR LIABILITIES AND CHARGES	20	**–**	–
NET ASSETS		**4,220**	4,202
CAPITAL AND RESERVES			
Called up share capital	21	**2,078**	2,078
Share premium account	22	**1,185**	1,185
Profit and loss account	22	**957**	939
EQUITY SHAREHOLDERS' FUNDS	22	**4,220**	4,202

These financial statements were approved by the Board of Directors on 29 August 2006.

Signed on behalf of the Board of Directors

C F Harrison
Chief Executive Officer

Consolidated Cash Flow Statement

For the year ended 31 May 2006

	Cash flow notes	**2006 £'000**	2005 £'000
Net cash inflow/(outflow) from operating activities	1	**1,654**	(484)
Returns on investment and servicing of finance	2	**190**	235
Taxation – UK corporation tax paid		**(185)**	(162)
Capital expenditure and financial investment	2	**(543)**	192
Equity dividends paid		**(332)**	(306)
Increase/(decrease) in cash	3, 4	**784**	(525)

Notes to the Consolidated Cash Flow Statement

For the year ended 31 May 2006

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2006 **£'000**	2005 £'000
Operating profit	**315**	60
Depreciation charges	**43**	53
Amortisation of intangible fixed assets	**207**	184
Decrease/(increase) in current asset investments	**164**	(164)
Decrease/(increase) in debtors	**10,204**	(3,406)
(Decrease)/increase in creditors	**(9,279)**	2,789
Net cash inflow/(outflow) from operating activities	**1,654**	(484)

2. GROSS CASH FLOWS

	2006 **£'000**	2005 £'000
Returns on investments and servicing of finance		
Interest received	**181**	203
Interest paid	**(8)**	(8)
Dividends received	**17**	40
	190	235
Capital expenditure and financial investment		
Proceeds from sale of London Stock Exchange shares	**–**	246
Payments to acquire tangible fixed assets	**(194)**	(37)
Payments to acquire intangible fixed assets	**(282)**	–
Purchase of fixed asset investments	**(290)**	(95)
Proceeds from sale of fixed asset investments	**223**	78
	(543)	192

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 June 2005 £'000	Cash flows £'000	**At 31 May 2006 £'000**
Cash at bank and in hand	3,575	690	**4,265**
Bank overdrafts	(94)	94	**–**
	3,481	784	**4,265**

Notes to the Consolidated Cash Flow Statement

For the year ended 31 May 2006

4. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Note	2006 £'000	2005 £'000
Increase/(decrease) in cash in the year	3	**784**	(525)
Change in net cash		**784**	(525)
Net funds at 1 June 2005		**3,481**	4,006
Net funds at 31 May 2006		**4,265**	3,481

Accounting Policies

For the year ended 31 May 2006

The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principal policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated accounts incorporate the results of Fiske plc and its subsidiary undertakings. The group has adopted the principles of acquisition accounting. Under acquisition accounting the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition. In accordance with the concession granted under Section 230(2) of the Companies Act 1985 the company's profit and loss account has not been presented separately in these financial statements. The profit after taxation of the company for the year ended 31 May 2006 was £350,000 (2005 – profit £383,000).

Basis of preparation

The company has adopted FRS21 – Events after the balance sheet date and has restated the comparatives accordingly. The effect of this is to charge dividends in the period in which they are paid, hence increasing total net assets at 31 May 2005 by £166,000

Turnover

Turnover comprises;

i) Gross commission and other income from acting as agent or principal in investment business, less commissions shared and paid away to associates and external introducers of business:

ii) Fee income from corporate finance and advisory services, the provision of investment management services; and

iii) Other income, including dealing profits.

Turnover is recognised on an accruals basis and is stated exclusive of value added tax.

Balances with clients and counterparties

In accordance with market practice, certain balances with clients, Stock Exchange member firms and settlement offices are included gross in debtors and creditors for their unsettled bought and sold transactions respectively.

Foreign currency translation

Transactions in foreign currencies are recorded in sterling at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities are translated into sterling at the rates ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are held at cost less accumulated depreciation.

For all tangible fixed assets, depreciation is calculated to write down their cost or valuation to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives, which are considered to be as follows:

Office furniture and equipment	–	4 years
Computer equipment	–	3 years
Office refurbishment	–	5 years

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the separable net assets acquired, is capitalised and amortised by equal annual instalments over its estimated useful life. Any impairment charge is included within operating profits.

Goodwill arising on the acquisition of a business is accounted for in the same manner.

Investments

Investments held as fixed assets are stated at cost less provision for impairment, where necessary.

Leased assets

The costs of operating leases are charged to the profit and loss account as they accrue over the life of the lease.

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 financial statements. Deferred tax balances are not discounted.

Clients' money

The company holds money on behalf of clients in accordance with the Client Money Rules of the Financial Services Authority. With the exception of money arising in the course of clients' transactions, as disclosed in note 17, such monies and the corresponding liability to clients are not shown on the face of the balance sheet as the company has no beneficial entitlement thereto. The amount so held on behalf of clients at the year end is stated in note 25.

Notes to the Accounts

For the year ended 31 May 2006

1. Turnover

Turnover comprises:

	2006 £'000	2005 £'000
Commission receivable	**3,700**	3,205
Corporate finance and advisory fees	**241**	312
Investment management fees	**479**	407
	4,420	3,924
Commission payable to associates	**(1,203)**	(1,091)
Commission payable to third parties	**(34)**	(24)
	(1,237)	(1,115)
	3,183	2,809
Dealing profits	**104**	126
Other income	**48**	73
	152	199
	3,335	3,008

All turnover in the current and prior year is generated in the UK and derives solely from the provision of financial services.

2. Staff Costs

The average number of employees, including directors, employed by the company within each category of persons was:

	2006 No.	2005 No.
Dealing and sales	**7**	8
Settlement	**8**	7
Administration	**7**	8
	22	23

Employees', including directors', costs comprise:

	2006 £'000	2005 £'000
Wages, salaries and other staff costs	**1,161**	1,142
Social security costs	**139**	117
	1,300	1,259

3. Directors

a) Directors' emoluments comprise:

	2006 £'000	2005 £'000
Emoluments	**419**	467
Highest paid director's remuneration:		
Emoluments	**130**	119

Information regarding directors' share options is shown under Directors' Interests in the Directors' Report.

Notes to the Accounts

For the year ended 31 May 2006

3. Directors – *continued*

The emoluments of the directors for the current and previous year are as follows:

31 May 2006	**Gross salary £'000**	**Bonus £'000**	**Fees £'000**	**Commission £'000**	**Benefits £'000**	**Total £'000**
M J Allen	**–**	**–**	**31**	**–**	**–**	**31**
C F Harrison	**98**	**–**	**–**	**–**	**32**	**130**
F G Luchini	**92**	**–**	**–**	**–**	**2**	**94**
A D Meech	**62**	**–**	**–**	**32**	**3**	**97**
S J Cockburn	**–**	**–**	**15**	**–**	**–**	**15**
P A Lovegrove	**–**	**–**	**20**	**–**	**–**	**20**
M H W Perrin	**–**	**–**	**32**	**–**	**–**	**32**
	252	**–**	**98**	**32**	**37**	**419**

31 May 2005	Gross salary £'000	Bonus £'000	Fees £'000	Commission £'000	Benefits £'000	Total £'000
M J Allen	–	–	25	–	–	25
C F Harrison	95	–	–	–	24	119
F G Luchini	89	–	–	–	2	91
A D Meech	56	–	–	18	3	77
S J Cockburn	–	–	61	–	–	61
P A Lovegrove	–	–	55	–	–	55
M H W Perrin	–	–	28	–	–	28
G Maitland Smith(1)	–	–	11	–	–	11
	240	–	180	18	29	467

(1) Retired 30 September 2004.

b) *Directors' balances*

The directors' trading balances have been included within client debtors and creditors and directors' current account balances are included in other creditors.

c) *Related party transactions*

Directors and staff are entitled to deal in securities through Fiske plc in accordance with "in house" dealing rules, which include the provision that directors and staff are entitled to reduced commission rates.

Other than the above there were no transactions with related parties during the year requiring disclosure under Financial Reporting Standard 8.

4. Operating profit

		2006 £'000	2005 £'000
The operating profit is arrived at after charging:			
Auditors' remuneration for the audit		**59**	57
Other fees payable to auditors		**37**	33
Operating lease rentals	– Land and buildings	**193**	220
	– Other	**–**	3

Notes to the Accounts

For the year ended 31 May 2006

5. Interest receivable and similar income

	2006 £'000	2005 £'000
Interest receivable:		
Banks	**181**	203
	181	203

6. Interest payable and similar charges

	2006 £'000	2005 £'000
Interest payable:		
Bank loans, overdrafts and other interest payable	**8**	8

7. Tax on profit on ordinary activities

Analysis of charge for the year

Taxation is based on the results for the year and comprises:

	2006 £'000	2005 £'000
United Kingdom corporation tax at 30% (2005 – 30%) based on the profit for the year	**(156)**	(188)
Adjustment to tax charge in respect of prior years	**3**	1
	(153)	(187)
Deferred taxation	**(10)**	12
Tax on profit on ordinary activities	**(163)**	(175)

Factors affecting the tax charge for the year

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax is 30%.

The actual tax charge for the current and previous years differs from the standard rate for the reasons set out in the following reconciliation:

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	**513**	558
Charge on profit on ordinary activities at standard rate	**(154)**	(167)
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	**(39)**	(31)
Capital allowances less than/(in excess of) depreciation	**10**	(12)
Small company relief	**27**	22
Adjustment to tax charge in respect of prior years	**3**	1
	(153)	(187)

Notes to the Accounts

For the year ended 31 May 2006

8. Dividends paid

	2006 £'000	2005 £'000
Final dividend paid in 2005/06 for the year 2004/05	**166**	165
First interim dividend	**166**	166
	332	331
Second interim (2005 – final) dividend proposed	**166**	166

The dividends listed above were or will be paid to holders of 8,300,245 ordinary 25p shares.
The Employee Share Option Scheme, which held shares to the benefit of nominated employees, waived the entitlement to any dividend on its holding of 9,490 ordinary shares at 25p each (2005 - 9,490 ordinary shares of 25p each).

9. Earnings per share

Basic earnings per share has been calculated by dividing the profit on ordinary activities after taxation by the weighted average number of shares in issue during the year. Diluted earnings per share is basic earnings per share adjusted for the effect of conversion into fully paid shares of the weighted average number of share options during the year.

Headline earnings per share has been calculated in accordance with the definition in the Institute of Investment Management Research ("IIMR") Statement of Investment Practice No. 1, 'The Definition of IIMR Headline Earnings', in order to take out the exceptional gain arising on disposal of certain fixed asset investment, as follows:

31 May 2006	**Basic eps £'000**	**Headline eps £'000**	**Diluted Basic eps £'000**	**Diluted Headline eps £'000**
Profit on ordinary activities after taxation	**350**	**350**	**350**	**350**
Add: Goodwill written off after taxation	**–**	**127**	**–**	**127**
Adjustment to reflect impact of dilutive share options	**–**	**–**	**4**	**4**
Earnings	**350**	**477**	**354**	**481**
Number of shares (000's)	**8,300**	**8,300**	**8,403**	**8,403**
Earnings per share (pence)	**4.2**	**5.8**	**4.2**	**5.7**

31 May 2005	Basic eps £'000	Headline eps £'000	Diluted Basic eps £'000	Diluted Headline eps £'000
Profit on ordinary activities after taxation	383	383	383	383
Add: Goodwill written off after taxation	–	128	–	128
Less: Exceptional gain on disposal of fixed asset investment after tax	–	(172)	–	(172)
Add: Adjustment to reflect impact of dilutive share options	–	–	1	1
Earnings	383	339	384	340
Number of shares (000's)	8,286	8,286	8,366	8,366
Earnings per share (pence)	4.6	4.1	4.6	4.1

	31 May 2006	31 May 2005
Number of shares (000's):		
Weighted average number of shares	**8,300**	8,286
Dilutive effect of share option schemes	**103**	80
	8,403	8,366

Notes to the Accounts

For the year ended 31 May 2006

10. Intangible fixed assets

Group and Company	Fund management acquisition £'000	Other acquisition £'000	Fiscal licence £'000	Altimis licence and system £'000	Total £'000
Cost					
At 1 June 2005	1,146	300	99	–	1,545
Additions	–	–	–	282	282
Disposals	–	–	(99)	–	(99)
At 31 May 2006	**1,146**	**300**	**–**	**282**	**1,728**
Accumulated amortisation					
At 1 June 2005	621	225	77	–	923
Charge for year	75	75	22	35	207
Disposals	–	–	(99)	–	(99)
At 31 May 2006	**696**	**300**	**–**	**35**	**1,031**
Net book value					
At 31 May 2006	**450**	**–**	**–**	**247**	**697**
At 31 May 2005	525	75	22	–	622

11. Tangible fixed assets

Group	Office furniture and equipment £'000	Computer equipment £'000	Office refurbishment £'000	Total £'000
Cost				
At 1 June 2005	290	411	–	701
Additions	7	12	175	194
Disposals	(153)	(309)	–	(462)
At 31 May 2006	**144**	**114**	**175**	**433**
Accumulated depreciation				
At 1 June 2005	265	395	–	660
Charge for the year	12	16	15	43
Disposals	(153)	(309)	–	(462)
At 31 May 2006	**124**	**102**	**15**	**241**
Net book value				
At 31 May 2006	**20**	**12**	**160**	**192**
At 31 May 2005	25	16	–	41

Notes to the Accounts

For the year ended 31 May 2006

11. Tangible fixed assets *(continued)*

Company	Office furniture and equipment £'000	Computer equipment £'000	Office refurbishment £'000	Total £'000
Cost				
At 1 June 2005	290	403	–	693
Additions	7	12	175	194
Disposals	(153)	(309)	–	(462)
At 31 May 2006	**144**	**106**	**175**	**425**
Accumulated depreciation				
At 1 June 2005	265	387	–	652
Charge for the year	12	16	15	43
Disposals	(153)	(309)	–	(462)
At 31 May 2006	**124**	**94**	**15**	**233**
Net book value				
At 31 May 2006	**20**	**12**	**160**	**192**
At 31 May 2005	25	16	–	41

12. Investment in subsidiaries

Company	2006 £'000	2005 £'000
Cost	**432**	432

The following are the principal subsidiaries of the company at 31 May 2006 and at the date of these financial statements.

Incorporated in the UK:

	Class of shares	Proportion of nominal value and voting rights held by parent company	Nature of business
Ionian Group Limited	Ordinary	100%	Intermediate holding company
Ionian Corporate Finance Limited	Ordinary	100%	Non trading

13. Investments held as fixed assets

Group and Company	Listed £'000	Unlisted £'000	Total £'000
Cost			
At 1 June 2005	–	108	108
Additions	283	7	290
Disposals	(179)	(40)	(219)
Amounts written off	(3)	–	(3)
At 31 May 2006	**101**	**75**	**176**

13. Investments held as fixed assets – *continued*

In the opinion of the directors the value of the unlisted investments is not less than the amount included within the financial statements.

Gain on disposal of fixed asset investments

	2006 £'000	2005 £'000
Gain on disposal of investments in London Stock Exchange shares	–	246
Gain on disposal of other investments	8	17
	8	263

Other income from fixed asset investments

	2006 £'000	2005 £'000
Dividends and interest received	17	40

14. Market and client debtors

	2006 £'000		2005 £'000	
	Group	Company	Group	Company
Market balances	3,269	3,269	13,085	13,085
Clients' balances	3,249	3,249	3,558	3,558
	6,518	6,518	16,643	16,643

15. Other debtors

	2006 £'000		2005 £'000	
	Group	Company	Group	Company
Sundry debtors	163	163	243	243
Prepayments	123	123	115	115
Deferred tax asset	12	12	22	22
	298	298	380	380

16. Investments

	2006 £'000		2005 £'000	
	Group	Company	Group	Company
Listed	–	–	9	9
Unlisted	–	–	155	155
	–	–	164	164

Notes to the Accounts

For the year ended 31 May 2006

17. Cash at bank and in hand

Cash at bank includes £1,949,000 (2005 – £800,000) received in the course of settlement of client bargains.

This amount is held by the company in trust on behalf of clients but may be utilised to complete settlement of outstanding bargains.

18. Market and client creditors

	2006 £'000 Group	**2006 £'000 Company**	2005 £'000 Group	2005 £'000 Company
Market balances	**4,568**	**4,568**	11,709	11,709
Clients' balances	**2,622**	**2,622**	4,865	4,865
	7,190	**7,190**	16,574	16,574

19. Other creditors

	2006 £'000 Group	**2006 £'000 Company**	2005 £'000 Group (restated)	2005 £'000 Company (restated)
Bank overdrafts	**–**	**–**	94	94
Amounts owed to group undertakings	**–**	**485**	–	485
Corporation tax	**155**	**155**	188	188
Sundry creditors and accruals	**528**	**528**	422	422
	683	**1,168**	704	1,189

20. Provisions for liabilities and charges

	2006 £'000 Group	**2006 £'000 Company**	2005 £'000 Group	2005 £'000 Company
Deferred taxation as at 1 June	**(22)**	**(22)**	(10)	(10)
Charge for the year	**10**	**10**	(12)	(12)
Transfer to debtors	**12**	**12**	22	22
Deferred taxation as at 31 May	**–**	**–**	–	–

The amounts of deferred taxation liability provided and unprovided in the accounts are:

	Provided		**Unprovided**	
	2006 £'000	2005 £'000	**2006 £'000**	2005 £'000
Deferred taxation as at 31 May	**–**	–	**–**	–

Notes to the Accounts

For the year ended 31 May 2006

21. Called up share capital

	2006		2005	
	No. of shares '000	£'000	No. of shares '000	£'000
Authorised:				
Ordinary shares of 25p	**12,000**	**3,000**	12,000	3,000
Allotted and fully paid:				
Ordinary shares of 25p	**8,310**	**2,078**	8,310	2,078

Included within the allotted and fully paid share capital were 9,490 ordinary shares of 25p each (2005 – 9,490 ordinary shares of 25p each) held for the benefit of employees.

At 31 May 2006 the following options to subscribe for ordinary shares of 25p each granted to staff and associates (being in addition to those granted to directors as set out in the Directors' Report) were outstanding:

Grant date	No. of options	Exercise price	Date from which exercisable
3 December 1999	20,000	28.75p	1 January 2003
3 December 1999	20,000	28.75p	1 January 2005
11 September 2003	25,000	50.00p	11 September 2006
11 November 2003	87,500	80.00p	12 November 2006

22. Reconciliation of Shareholders' Funds and Statement of Movement on Reserves

Group	Share capital £'000	Share premium account £'000	Profit and loss accounts £'000	Total £'000
Balance at 1 June 2005	2,078	1,185	826	4,089
Adjustment in respect of FRS21 (see accounting policies)	–	–	166	166
Balance at 1 June 2005 (restated)	2,078	1,185	992	4,255
Retained profit for the financial year	–	–	18	18
Balance at 31 May 2006	**2,078**	**1,185**	**1,010**	**4,273**

Company	Share capital £'000	Share premium account £'000	Profit and loss accounts £'000	Total £'000
Balance at 1 June 2005	2,078	1,185	773	4,036
Adjustment in respect of FRS21 (see accounting policies)	–	–	166	166
Balance at 1 June 2005 (restated)	2,078	1,185	939	4,202
Retained profit for the financial year	–	–	18	18
Balance at 31 May 2006	**2,078**	**1,185**	**957**	**4,220**

23. Contingent liabilities

In the ordinary course of business, the company has given letters of indemnity in respect of lost certified stock transfers and share certificates. While the contingent liability arising thereon is not quantifiable, it is not believed that any material liability will arise under these indemnities.

The group received a small number of claims from discretionary and advisory clients. The theoretical maximum exposure to the group of these claims is £nil (2005 – £600,000).

24. Financial commitments

Operating leases

At 31 May 2006 the company was committed to making the following payments during the next year in respect of operating leases:

	2006		2005	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Leases which expire:				
Within two to five years	**167**	**1**	194	–

25. Clients' money

At 31 May 2006 amounts held by the company on behalf of clients in accordance with the Client Money Rules of the Financial Services Authority amounted to £30,418,000 (2005 – £26,461,000). The company has no beneficial interest in these amounts and accordingly they are not included in the balance sheet.

26. Financial instruments

The company's financial instruments comprise, for the purpose of FRS 13, cash and liquid resources, trade debtors and trade creditors arising from operations, and fixed asset investments. The main risk arising from the company's financial instruments are market risk and credit risk. The board of directors reviews and agrees policies for managing these risks.

The company is mainly exposed to market risk in respect of its trading as agent in equities and debt instruments.

The strategy in respect of longer term investments is reviewed monthly by the company's directors. The value of the company's investments is shown in note 13.

The other main financial risk in acting as agent is credit risk. This risk is monitored and controlled.

Notice of Meeting

Notice is hereby given that an Annual General Meeting of Fiske plc will be held at Salisbury House, London Wall, London EC2M 5QS (entrance via Circus Place) on Friday, 29 September 2006 at 12.30 p.m. for the following purposes.

Ordinary Business

1. To receive the Report of the Directors and Auditors and the Accounts for the year ended 31 May 2006.
2. To re-elect Clive Fiske Harrison as a director of the company.
3. To re-elect Francis Gerard Luchini as a director of the company.
4. To elect Byron Antony Fiske Harrison who, having been appointed as a director since the last general meeting of the company, offers himself for election as a director of the company.
5. To reappoint Deloitte & Touche LLP as auditors and to authorise the board to fix their remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions which will be proposed as to Resolution 6 as an Ordinary Resolution and as to Resolutions 7 and 8 As Special Resolutions:

6. THAT:
   (a) the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to allot any relevant securities (as defined in section 80(2) of the Act) of the company up to a maximum aggregate nominal amount of £623,200 provided that:
   (b) this authority shall expire at the conclusion of the next Annual General Meeting of the company after the passing of this resolution unless previously varied, revoked or renewed by the company in general meeting; and
   (c) the company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority and the directors may allot any relevant securities pursuant to such offer or agreement as if such authority had not expired; and
   (d) all prior authorities to allot relevant securities be revoked but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.
7. THAT:
   (a) the company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 25p each in the capital of the company ("ordinary shares") on such terms and in such manner as the directors may from time to time determine provided that:
   (b) the maximum number of ordinary shares hereby authorised to be acquired is 830,973;
   (c) the minimum price which may be paid for an ordinary share is 25p;
   (d) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which an ordinary share is contracted to be purchased;
   (e) unless previously revoked or varied, the authority hereby conferred shall expire at the close of the next Annual General Meeting of the company or 18 months from the date on which this resolution is passed, whichever shall be the earlier; and

(f) the company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase ordinary shares in pursuance of any such contract.

8. THAT:

(a) the directors be granted power pursuant to section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of section 94 of the Act) wholly for cash pursuant to the authority conferred on them by Resolution 6 contained in the Notice of the Annual General Meeting of the company of which this Resolution forms part as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

(b) the allotment of equity securities, in connection with a rights issue, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange or otherwise in any territory; and for the purposes of this resolution "rights issue" means an offer of equity securities to holders of ordinary shares in proportion to their respective holdings (as nearly as may be); and

(c) the allotment of equity securities up to an aggregate nominal value of £103,800;

(d) shall expire at the conclusion of the next Annual General Meeting of the company or, if earlier, the date 15 months from the date of passing of this resolution unless previously varied, revoked or renewed by the company in general meeting provided that the company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and

(e) all prior powers granted under section 95 of the Act be revoked provided that such revocation shall not have retrospective effect.

By order of the Board

F G Luchini
Secretary

29 August 2006

Registered office:
Salisbury House
London Wall
London EC2M 5QS

Notes:

1. A member entitled to attend and vote may appoint a proxy to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the company. A form of proxy is enclosed which, to be valid, must be delivered to the company's registrars, Capita IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to be received not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Lodgement of a form of proxy will not prevent a member from attending and voting in person if so desired.
2. Copies of contracts of service between the directors and the company will be available at the registered office of the company on any weekday prior to the meeting (weekends and public holidays excepted) during normal business hours. Copies of the above mentioned documents will also be available on the date of the Annual General Meeting at the place of the meeting for 15 minutes prior to the meeting until its conclusion.
3. The company, pursuant to regulation 34 of the Uncertified Securities Regulations 1995, specifies that in order to attend and vote at the Annual General Meeting (and for the purposes of calculating how many votes a person entitled to vote may cast), a person must be entered on the Register of Shareholders by 10.00a.m. on 27 September 2006. If the meeting is adjourned, the time by which a person must be entered on the Register of Members in order to have the right to attend or vote at the adjourned meeting is 10.00 a.m. on the business day preceding the date fixed for the adjourned meeting. Changes to the Register after this time will be disregarded in determining the rights of any person to attend or vote at the meeting.
4. By attending the Annual General Meeting members agree to receive any communications made at the meeting.