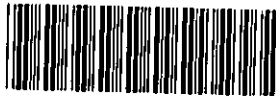


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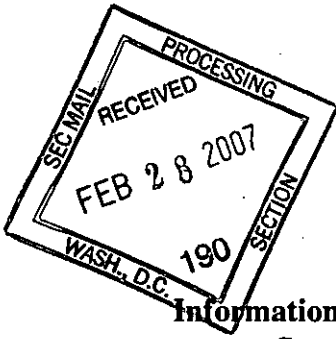


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Expires:	February 28, 2010
Estimated average burden hours per response . . .	12.00

APB\*  
3/13



# ANNUAL AUDITED REPORT FORM X-17A-5 PART III

SEC FILE NUMBER
8 - 48144

## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

APB Financial Group, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

~~20 Exchange Place~~ 17 STATE STREET Suite 1650  
(No. and Street)

New York New York 10005 10004  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Ed Coyle (212) 293-3410  
(Area Code -- Telephone No.)

### B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Rothstein, Kass & Company, P.C.

(Name -- if individual, state last, first, middle name)

4 Becker Farm Rd Roseland New Jersey 07068  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions

PROCESSED

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THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1410 (06-02)

APB  
3/20

OATH OR AFFIRMATION

I, Ed Coyle, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of APB Financial Group, Inc., as of December 31, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

CLAIRE LEJUEZ  
Notary Public, State of New York  
Registration #01LE6050722  
Qualified In Suffolk County  
My Commission Expires Nov. 13, 2010

[Signature]  
Signature  
President  
Title

[Signature]  
Notary Public

This report\*\* contains (check all applicable boxes):

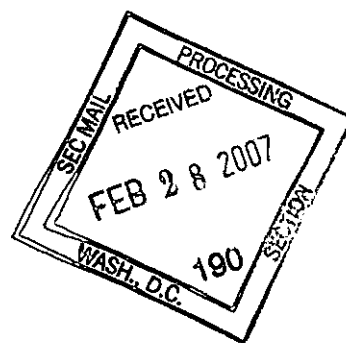
- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent auditor's report on internal accounting control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**APB FINANCIAL GROUP, INC.**

STATEMENT OF FINANCIAL CONDITION  
AND  
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2006



# APB FINANCIAL GROUP, INC.

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Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission and Regulation 1.17 of the Commodity Futures Trading Commission	7

Certified  
Public  
Accountants

Rothstein, Kass & Company, P.C.  
4 Becker Farm Road  
Roseland, NJ 07068  
tel 973.994.6666  
fax 973.994.0337  
www.rkco.com

Beverly Hills  
Dallas  
Denver  
Grand Cayman  
New York  
Roseland  
San Francisco  
Walnut Creek

# Rothstein Kass

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
APB Financial Group, Inc.

We have audited the accompanying statement of financial condition of APB Financial Group, Inc. (the "Company") as of December 31, 2006. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of APB Financial Group, Inc. as of December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the statement of financial condition. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the statement of financial condition, but is supplementary information required by Regulation 1.10 under the Commodity Exchange Act. Such information has been subjected to the auditing procedures applied in the audit of the statement of financial condition and, in our opinion, is fairly stated, in all material respects, in relation to the statement of financial condition.

*Rothstein, Kass & Company, P.C.*

Roseland, New Jersey  
February 23, 2007

# APB FINANCIAL GROUP, INC.

## STATEMENT OF FINANCIAL CONDITION

December 31, 2006

### ASSETS

Cash and cash equivalents	\$	12,535
Receivable from clearing broker, including a clearing deposit of approximately \$109,000		625,229
Other receivables		26,702
Due from affiliate		94,515
Equipment, net		27,311
Other assets		<u>44,843</u>
	\$	<u>831,135</u>

### LIABILITIES AND STOCKHOLDERS' EQUITY

#### Liabilities

Accounts payable and accrued expenses	\$	166,352
Commissions payable		68,950
Rebates payable		<u>73,167</u>
Total liabilities		<u>308,469</u>

#### Stockholders' equity

Common stock, no par value, 30,000 shares authorized, 10,500 shares issued and outstanding		10,500
Additional paid-in capital		549,001
Accumulated deficit		<u>(36,835)</u>
Total stockholders' equity		<u>522,666</u>
	\$	<u>831,135</u>

# APB FINANCIAL GROUP, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of business

APB Financial Group, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC"). The Company is also a member of the National Association of Securities Dealers, Inc. ("NASD") and the National Futures Association ("NFA") and is an introducing broker registered with the Commodities Futures Trading Commission ("CFTC"). The Company's operations are primarily comprised of securities transactions executed on an agency basis.

### 2. Summary of significant accounting policies

#### *Cash Equivalents*

The Company considers money market accounts to be cash equivalents.

#### *Equipment*

Equipment is stated at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization using the straight-line method as follows:

<b>Asset</b>	<b>Estimated Useful Lives</b>
Office equipment	5 Years
Furniture and fixtures	7 Years

#### *Commissions and Customer Interest Rebates*

Commissions earned from customer securities transactions and the related commission expense is recognized on a settlement date, which does not differ materially from the trade date. Customer interest rebates received from the clearing broker are recognized as earned.

#### *Securities Owned and Securities Sold Short, at Market*

The Company values investments in securities and securities sold short that are freely traded and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year. Unrealized gains and losses from securities sold short are reflected in revenues.

#### *Income Taxes*

The Company is not liable for federal and state income taxes, as the stockholder has elected to treat the Company as an "S" Corporation for income tax purposes. As such, the Company's stockholders are generally liable for taxes on corporate income and receives the benefit from corporate losses. However, the Company is liable for city income taxes.

# APB FINANCIAL GROUP, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of significant accounting policies (continued)

The Company complies with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires an asset and liability approach to financial reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Reclassifications*

Certain 2005 balances have been reclassified to conform to the 2006 presentation.

### 3. Equipment and leasehold improvements

Details of equipment and leasehold improvements at December 31, 2006 are as follows:

Office equipment	\$	283,399
Furniture and fixtures		<u>55,122</u>
		338,521
Less accumulated depreciation and amortization		<u>311,210</u>
	\$	<u>27,311</u>

### 4. Net capital requirement

The Company is a member of the NASD and is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The Company is also subject to the Commodity Futures Trading Commission's minimum financial requirements which require that the Company maintain net capital, as defined, equal to the greater of its requirements under Regulation 1.17 under the Commodity Exchange Act or Rule 15c3-1. At December 31, 2006, the Company's net capital was approximately \$329,000, which was approximately \$79,000 in excess of its minimum requirement of \$250,000.



# APB FINANCIAL GROUP, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 5. Related party transactions

The Company is one of several affiliated companies that are commonly controlled. A portion of the commissions earned by the Company (approximately \$816,000) was from investment entities sponsored by affiliates of the Company. The Company can elect to rebate a portion of the commissions earned. If expenses attributable to such entities exceed the commissions generated, a rebate receivable is recorded. If commissions generated exceed such expenses, a commission payable is recorded. At December 31, 2006, the Company had a gross rebate receivable of \$23,502, which is included in other receivables. During 2006, the Company elected to rebate a portion of the commissions earned from such investment entities amounting to approximately \$105,000 of which none was payable by the Company at December 31, 2006. Additionally, compensation is paid to the stockholders and officers of the Company based on commission revenues earned. Certain expenses are paid by the Company on behalf of entities that are managed by an affiliate.

An affiliate of the Company has entered into a ten and one half year non-cancelable lease for office space on July 1, 2006, which expires January 31, 2017. The current annual rental under such lease is approximately \$218,000. The Company utilizes a portion of this space and, during 2006, bore 100% of the affiliate's annual rental under such lease. The Company leases its portion of the space on a month to month basis from its affiliate.

#### *Due from Affiliate*

Due from affiliate represents payments of expenses directly out of the Company on behalf of an affiliate. These amounts will be repaid within the next year. Due from affiliates is approximately \$95,000 at December 31, 2006.

### 6. Off-balance sheet risk and concentrations of credit risk

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its clearing broker on a fully disclosed basis. Therefore, all of the customers' money balances and long and short security positions are carried on the books of the clearing broker. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company. At December 31, 2006, the receivable from clearing broker represents commissions receivable earned as an introducing broker for the transactions of its customers.

In addition, the receivable from the clearing broker is pursuant to this clearance agreement and includes a minimum clearing deposit of \$100,000.

The Company maintains its cash balances in one financial institution. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000.

# APB FINANCIAL GROUP, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 7. Exemption from Rule 15c3-3

The Company is exempt from the SEC Rule 15c3-3 pursuant to the exemptive provision under sub-paragraph (k)(2)(ii) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

### 8. Employee benefit plan

An affiliate of the Company has established a 401(k) and profit sharing plan. The plan covers substantially all employees of the Company and provides those employees who are eligible to participate with retirement benefits. Employees are permitted to contribute between 1% and 15% of their annual compensation, subject to certain limitations and restrictions. The Company may make discretionary profit sharing contributions to the plan during 2006. For the year ended December 31, 2006, the Company elected not to make a profit sharing contribution.

### 9. Contingencies

In the normal course of business, the Company has been named as a defendant in various matters. Management of the Company, after consultation with legal counsel, believes that the resolution of these matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

# APB FINANCIAL GROUP, INC.

## SUPPLEMENTARY INFORMATION COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION AND REGULATION 1.17 OF THE COMMODITY FUTURES TRADING COMMISSION

December 31, 2006

<b>Stockholders' equity</b>	<u>\$ 522,666</u>						
<b>Less nonallowable assets</b>							
Other receivables	26,702						
Due from affiliate	94,515						
Equipment and leasehold improvements, net	27,311						
Other assets	44,843						
	<u>193,371</u>						
<b>Net capital before haircuts</b>	<u>329,295</u>						
<b>Haircuts</b>							
Security positions	<u>100</u>						
<b>Net capital</b>	<u>\$ 329,195</u>						
<b>Aggregate indebtedness</b>	<u>\$ 308,469</u>						
<b>Computed minimum net capital required</b> (6.67% of aggregate indebtedness)	<u>\$ 20,575</u>						
<b>Minimum net capital required (under SEC Rule 15c3-1)</b>	<u>\$ 250,000</u>						
<b>Minimum net capital required (under CFTC Regulation 1.17)</b>	<u>\$ 45,000</u>						
<b>Excess net capital (under SEC Rule 15c3-1) (\$329,195 - \$250,000)</b>	<u>\$ 79,195</u>						
<b>Percentage of aggregate indebtedness to net capital</b>	<table border="0" style="margin-left: auto;"> <tr> <td style="text-align: right;">\$ 308,469</td> <td></td> </tr> <tr> <td style="text-align: right;"><u>\$ 329,195</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>94%</u></td> </tr> </table>	\$ 308,469		<u>\$ 329,195</u>			<u>94%</u>
\$ 308,469							
<u>\$ 329,195</u>							
	<u>94%</u>						

There are no material differences between the computation of net capital presented above and the computation of net capital in the Company's unaudited Form X-17A-5, Part II-A filing as of December 31, 2006.

*END*