Company Registration No. 01976691

BGC INTERNATIONAL

Annual Report and Financial Statements
For the year ended 31 December 2011

BGC INTERNATIONAL

COMPANY INFORMATION

DIRECTORS	Mr L Amaitis Mr G Moorehouse
COMPANY SECRETARY	Mr R Snelling
COMPANY NUMBER	01976691
REGISTERED OFFICE	1 Churchill Place Canary Wharf London E14 5RD
AUDITORS	Ernst & Young LLP Statutory Auditors One More London Place London SE1 2AF

BGC INTERNATIONAL

DIRECTORS' REPORT
For the year ended 31 December 2011

The directors present their annual report on the affairs of BGC International (BGCI or the Company) together with the financial statements and auditor's report for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

BGCI, an unlimited company incorporated under the laws of England and Wales, is part of the global BGC Partners Inc group ('BGC Group), which is comprised of BGC Partners, Inc and its subsidiaries BGC Partners, Inc is a member of the Cantor Fitzgerald L P group which is comprised of Cantor Fitzgerald L P and its subsidiaries (Cantor Group') The BGC Group is a full service inter-dealer broker which specialises in broking over-the-counter financial products and related derivative products

The Company s continuing activity is as a service company, recharging other BGC and Cantor Group entities for the use of its fixed assets on an operating lease basis, and to hold fixed asset investments

The Company ceased all inter dealer broking trading activity on 30 April 2009 and ceased to be regulated by the Financial Services Authority (FSA) from 21 September 2011

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Results

The loss for the year amounted to US$4 1m (2010 profit of US$4 2m) which has been taken to reserves After excluding the effect of an increase in the onerous lease provision (US$3 3m) and the impairment of an investment (US$1 6m), the profit for the year amounted to US$0 8m (2010 US$6 7m) Income arises from recharges shown as turnover, interest on bank deposits, interest on an intercompany loan receivable and dividends and distributions from investments

Impairment of investment in BGC International LP

BGC International holds an equity investment in BGC International LP, an associated group undertaking The value of the investment at the year end amounted to US$72 0m (2010 US$73 0m) During the year, an impairment review of the investment was performed resulting in an impairment charge of US$1 6m (2010 US$2 5m), being recorded in the profit and loss account

Onerous lease provision

In 2011, the provision for onerous lease commitments increased by US$3 3m (2010 US$nil) (see note 15) This was to account for an expected increase in rental charges with limited recourse to increase the rental income from the sub lease tenant

Future developments

The Company is expected to be an investment and asset holding company for the foreseeable future and will continue to recharge the use of its assets to other BGC and Cantor Group entities

POST BALANCE SHEET EVENTS

Details of post balance sheet events are set out in note 25 to the financial statements

DIRECTORS

The directors who served throughout the year were as follows

Mr L Amaitis

Mr G Moorehouse

PRINCIPAL RISKS AND UNCERTAINTIES

The Company faces credit, market, foreign exchange, interest rate, liquidity, operational and capital risks in the course of its normal business The Board of Directors (the 'Board') places reliance on the BGC Group's Risk Management function to report on specific risks that affect the Company

The Company faces only limited market risk directly, relating to the value of its investments However the Company is exposed to further market, credit, foreign exchange, capital and liquidity risk indirectly, from those BGC Group entities that it recharges the use of its fixed assets to

The Company relies on the policies and procedures established by the BGC Group to mitigate its exposure to the aforementioned risks

See note 24 to the financial statements for further details

BGC INTERNATIONAL

DIRECTORS' REPORT (Continued)
For the year ended 31 December 2011

KEY PERFORMANCE INDICATORS

As the Company is a service company and holds fixed asset investments, the directors regard profit before tax and the underlying value of investments as the key performance indicators of the business

In 2011 the Company made a loss of US$4 1m (2010 profit of US$4 2m) The net value of investments is US$125 5m (2010 US$127 2m), with an impairment charge of US$1 6m (2010 US$2 5m)

GOING CONCERN

The Company's business activities, together with the principal risks and uncertainties are set out in the Business Review

The Company has sufficient cash to meet its liabilities as they fall due Liquidity is managed on a day-to-day basis by the BGC Group's global Treasury Department and the Company participates in the BGC Group's centralised treasury arrangement

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of approval of the financial statements The Company will continue to recharge the use of its fixed assets to other BGC Group and Cantor Group entities and will earn cost of carry based on the net asset value of its fixed assets The Company is also expected to continue to earn interest on an intercompany loan receivable and money market funds as well as dividend income on its investments As such, the financial statements continue to be prepared on the going concern basis

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006 Such qualifying third party indemnity provision remains in force at the date of approving the directors' report

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the date of approval of this report confirms that

(1) so far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparation its report, of which the auditor is unaware, and

(2) having made enquiries of fellow directors and the auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant information and to establish that the auditor is aware of that information

AUDITORS

Under Sections 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

Approved by the Board and signed on its behalf

George E Moorehouse

G Moorehouse
Director

12 June 2012

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

BGC INTERNATIONAL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BGC INTERNATIONAL

We have audited the financial statements of BGC International (BGCI or the Company) for the year ended 31 December 2011 which comprise the Profit and Loss account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 26 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company s members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board s (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- and have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

David Canning-Jones (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

12th June 2012

BGC INTERNATIONAL

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2011

	Note	2011 US$'000	2010 US$'000
TURNOVER	2	2,032	3,586
Administrative expenses		(7,084)	(5,791)
OPERATING LOSS	6	(5,052)	(2,205)
Investment income	4	2,101	184
Interest receivable and similar income	8	282	42
Interest payable and similar charges	9	(342)	(29)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,011)	(2,008)
Tax (charge)/credit on loss on ordinary activities	10	(1,083)	6,183
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	17	(4,094)	4,175

All activities are continuing for the current and prior year

The notes on pages 8 to 28 form an integral part of the financial statements

There has been a change in the classification of expenses previously categorised as cost of sales These expenses are now classified as administrative expenses The effect in comparative figures is shown in note 3

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2011

	Note	2011 US$'000	2010 US$'000
Retained (loss)/profit for the financial year	17	(4,094)	4,175
Revaluation of available for sale investments	17, 12	(77)	(270)
Deferred taxation on revaluation of available for sale investments	10iv, 17	569	(569)
TOTAL RECOGNISED (LOSSES)/GAINS SINCE LAST ANNUAL REPORT		(3,602)	3,336

The notes on pages 8 to 28 form an integral part of the financial statements

BGC INTERNATIONAL

BALANCE SHEET
As at 31 December 2011

Company Registration No. 01976691

	Note	2011 US$'000	2010 US$'000
FIXED ASSETS			
Tangible assets	11	1,044	2,988
Investments	12	125,516	127,190
		126,560	130,178
CURRENT ASSETS			
Debtors	13		
amounts falling due after one year		28,000	-
amounts falling due within one year		4,990	6,666
		32,990	6,666
Cash at bank and in hand		1,816	28,458
		34,806	35,124
CREDITORS - amounts falling due within one year	14	(8,128)	(11,150)
NET CURRENT ASSETS		26,678	23,974
TOTAL ASSETS LESS CURRENT LIABILITIES		153,238	154,152
PROVISION FOR LIABILITIES	15	(3,314)	(626)
NET ASSETS		149,924	153,526
CAPITAL AND RESERVES			
Called up share capital	16	203,308	203,308
Available for sale reserve	17	5,289	4,797
Profit and loss account	17	(58,673)	(54,579)
SHAREHOLDERS' FUNDS		149,924	153,526

The notes on pages 8 to 28 form an integral part of the financial statements

The financial statements were approved by the Board of Directors on 12 June 2012

Signed on behalf of the Board of Directors

George E Moorehouse

G Moorehouse
Director

12 June 2012

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards The principal accounting policies are described below

Basis of accounting

The financial statements are prepared on a going concern basis under the historical cost convention, as modified by the inclusion of trading securities and other fixed asset investments at fair value, and in accordance with applicable United Kingdom accounting standards

Functional currency

The financial statements are prepared in US Dollars, which is the currency of the primary economic environment in which the Company operates

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the exchange rates ruling at the balance sheet date Transactions in currencies other than US Dollars are recorded at the month end rate ruling during the month that the transactions occurred Translation differences are recognised in the profit and loss account The balance sheet conversion rate used to convert GBP to USD at 31 December 2011 was 1 554 (2010 1 566)

Going concern

The Company s business activities, together with the principal risks and uncertainties are set out in the Business Review of the Directors' Report

The Company has sufficient cash to meet its liabilities as they fall due Liquidity is managed on a day-to-day basis by the BGC Group Treasury Department, and the Company participates in the BGC Group s centralised treasury arrangement

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of approval of the financial statements The Company will continue to recharge the use of its fixed assets to other BGC Group and Cantor Group entities and will earn cost of carry based on the net asset value of its fixed assets The Company is also expected to continue to earn interest on an intercompany loan receivable and money market funds as well as dividend income on its investments Therefore, the financial statements continue to be prepared on the going concern basis

Tangible fixed assets

Tangible fixed assets are stated at cost being their purchase price together with any incidental costs of acquisition, less accumulated depreciation and provision for any impairment in value

Depreciation is calculated to write off the cost, less estimated residual value, of fixed assets over their estimated useful lives at the following rates per annum

Computer equipment	15% to 22%
Motor vehicles	33%
Leasehold improvements	over the period of the lease
Equipment and machinery	15% to 22%
Office furniture	15% to 22%

Fixed asset investments

The investments in group undertakings are held at cost and are reviewed for impairment on an annual basis Available for sale investments are accounted for in accordance with the policy as disclosed within this note

Operating leases

Rental expenses and sub lease rental income are recognised within the profit and loss account on a straight-line basis over the lease term

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

1. ACCOUNTING POLICIES (Continued)

Financial instruments

Recognition

The Company determines the classification of its financial instruments at initial recognition depending upon the purpose for which the financial instruments were acquired and their characteristics, in accordance with the categories outlined below When financial instruments are recognised initially, they are measured at fair value

The financial instruments are generally recognised on a trade date basis

Determination of fair value

Fair value is determined by reference to third party market values where available Where the Company has assets and liabilities with offsetting market risks, mid-market prices have been used as a basis for establishing the fair values of those positions Bid prices are used for long positions and offer prices for short positions

Where there is no underlying active market, the fair value is determined using proprietary pricing models which apply appropriate valuation techniques and consider the impact of post period end settlement prices

(i) Financial instruments at fair value through profit or loss

Financial instruments classified as held for trading or designated as such on inception, are included in this category and relate to currency swap derivative financial instruments within trade debtors and trade creditors Financial instruments are classified as held for trading if they are acquired for the purpose of reselling

The financial instruments are initially recognised at fair value on the date on which a contract is entered into They are subsequently carried in the balance sheet at fair value with gains or losses recognised in the profit and loss account

(ii) Financial instruments at amortised cost

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include amounts due from customers on closed positions and pending trade receivables (disclosed within trade debtors), other debtors and loans to group undertakings These amounts are initially recognised at fair value and are subsequently measured at amortised cost when the time value of money is material, using the effective interest rate method Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is evidence that the asset is impaired The allowance recognised is measured as the difference between the assets' carrying value and the estimated future cash-flows deriving from the continued use of that asset and discounted if the effect is material

(iii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories and are initially recognised at fair value Gains and losses arising from the changes in fair value are recognised directly in equity via the available for sale reserve until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is recognised and is included in the profit and loss account for the period, the available for sale reserve having first been reversed

Available-for-sale investments in equity instruments that do not have a quoted market price in an active market or whose fair value cannot be reliably measured, are measured at cost

When the investment is disposed of, the cumulative gain or loss previously recognised in the statement of total recognised gains and losses is recognised in the profit and loss account under other operating income or other operating expenses

Dividends earned whilst holding available-for-sale investments are also recognised in the profit and loss account

Derecognition

A financial asset is considered for derecognition when the contractual rights from the financial asset expire, or when the contractual right to benefit from the future cash flow of that asset has been transferred The Company derecognises a financial asset when it substantially transfers all the risks and rewards of ownership

1. ACCOUNTING POLICIES (Continued)

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires In circumstances where a financial liability is replaced by the same lender yet the contractual terms are substantially different or modified, the original financial liability will be derecognised at the point of contractual exchange and the new financial liability recognised

(iv) Impairment

The Company assesses at each balance sheet date, whether there is objective evidence that a financial asset or group of financial assets is impaired A financial asset is considered impaired if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date In addition, evidence of impairment requires that loss event to have had an impact on the estimated future cash flows of the financial asset that can be reliably estimated

The recoverable amount is the higher of the fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks to the specific asset If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount An impairment loss is recognised as an expense immediately in the profit and loss account

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company s taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted Deferred tax assets and liabilities are not discounted Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Interest income and expenses

Interest income and expense is recognised in the profit and loss account using the effective interest method The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability

Cash flow statement

The Company has not prepared a cash flow statement in accordance with FRS 1 (Revised) - Cash Flow Statements paragraph 5(a) A consolidated cash flow statement is contained in the consolidated financial statements of BGC Partners, Inc, which are publicly available

Provision for onerous leases

Provision is made for commitments under onerous leases by reference to the discounted expected future net cashflows relating to the properties concerned

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

1. ACCOUNTING POLICIES (Continued)

Investments Income

Dividends and distributions of partnership income are recognised when the Company's right to receive payment is established

Compensation

Restricted stock units ("RSUs")

RSUs are awarded by BGC Partners, Inc to certain employees and are accounted for as equity awards

The fair value of RSUs awarded to employees is determined on the date of grant based on the market value of BGC Partners, Inc s Class A common stock, and is recognised, net of the effect of estimated forfeitures, rateably over the vesting period Historical data is used, including historical forfeitures and turnover rates, to estimate the expected forfeiture rates Each RSU is converted into one share of BGC Partners, Inc's Class A common stock, generally upon completion of the vesting period

RSUs awarded to employees generally vest over a three to four year period

For RSUs granted prior to 1 January 2011, the holder of the RSU is entitled to receive quarterly distribution equivalents as declared by BGC Partners, Inc the cost of which is included within the Company's compensation expense For RSUs granted on or after 1 January 2011, the holder of the RSU is not entitled to receive quarterly distribution equivalents

Limited partnership units

BGC Partners, Inc provides limited partnership units in BGC Holdings LP (e g Restricted Equity Units (REUs'), Partnership Sharing Units (PSUs') and Partnership Sharing Interests (PSIs')) to certain employees of the Company awarded in lieu of cash compensation for salaries, commissions and/or discretionary or guaranteed bonuses Generally, such units receive quarterly allocations of net income which are cash distributed on a quarterly basis These quarterly allocations of net income on such limited partnership units are reflected within the Company's compensation expense for the year

Certain of these limited partnership units entitle the holder to receive post-termination payments equal to the notional amount of the units in four equal yearly instalments after the holder's termination These limited partnership units are accounted for as liability awards and as such the Company records the compensation expense for the liability awards based on the change in fair value at each reporting date

Turnover

Turnover comprises revenue recognised by the Company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts

2 TURNOVER

Turnover from continuing operations represents the income received from BGC and Cantor Group entities for recharging the use of the Company's fixed assets As recharges are based on the net assets value, turnover decreases in line with the decrease in the net assets' value due to depreciation

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

3. COMPARATIVE INFORMATION

Reclassification of cost of sales

The comparative figures for cost of sales and administrative expenses have been adjusted to reflect a reclassification between the respective categories

All expenses are now classed as administrative expenses as the directors consider this to be a more appropriate classification

The effect is as follows

	As previously reported US$'000	Reclassified US$'000	2010 (as restated) US$'000
TURNOVER	3,586	-	3,586
Cost of sales	(122)	122	-
GROSS PROFIT	3,464	122	3,586
Administrative expenses	(5,669)	(122)	(5,791)
OPERATING LOSS	(2,205)	-	(2,205)

4 INVESTMENT INCOME

	2011 US$'000	2010 US$'000
Distribution from associated undertakings	1,885	-
Dividend income on equity investments	216	184
	2,101	184

During the year BGC Funding Services LP, a BGC Group entity, declared a partnership income distribution of US$1 9 million (2010 US$nil), which has been recognised in the profit and loss account

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

5 STOCK BASED COMPENSATION

BGC Partners Inc awards Restricted Stock Units ("RSUs") and also provides partnership units in BGC Holdings L P , (including REUs, PSUs and PSIs, collectively the "Limited Partnership Units") to certain employees of the Company

The Company continues to recognise an expense for stock based compensation although it has no employees for the current or prior year

Restricted Stock Units ('RSUs')

The fair value of RSUs awarded to employees is determined on the date of grant based on the market value of BGC Partners, Inc s Class A common stock, and is recognised, net of the effect of estimated forfeitures, rateably over the vesting period Historical data is used, including historical forfeitures and turnover rates, to estimate expected forfeiture rates RSUs granted to employees generally vest over a three to four year period and each RSU is settled for one share of BGC Partners, Inc Class A common stock upon completion of the vesting period

The value of the RSUs is determined using the following key assumptions

- Forfeiture rate = 18% (2010 18%)
- Fair value per unit = BGC Partners, Inc share price at the grant date

The Company recognised a total expense of US$1k (2010 US$34k) in the year relating to RSUs

Limited Partnership Units

Limited partnership units generally allow unit holders to receive quarterly allocations of net income which are cash distributed on a quarterly basis These quarterly allocations of net income on such limited partnership units are reflected within the Company's compensation expense for the year

Certain of these limited partnership units entitle the holder to receive post-termination payments equal to the notional amount of the units in four equal yearly instalments after the holder's termination These limited partnership units are accounted for as liability awards and as such the Company records a compensation expense for the liability awards based on the change in fair value at each reporting date

The expense allocation of the limited partnership units accounted for as liability awards is determined using the following key assumptions

- Forfeiture rate = 40% (2010 40%)
- Fair value per unit = The post termination grant price stated

Compensation expense related to the limited partnership units is recognised over the stated service period of the unit holder The Company recognised a total expense of US$nil (2010 US$24k) in the year relating to limited partnership units

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

6. OPERATING LOSS

	2011 US$'000	2010 US$'000
The operating loss is stated after charging		
Depreciation of tangible fixed assets	1,936	3,488
Impairment of investment in group undertaking	1,597	2,489
Charge for onerous lease provision	3,314	-
Foreign exchange gains	(155)	(998)

Included in the operating loss is the auditors' remuneration

The auditor's remuneration of US$25,000 (2010 US$25,000) was borne by a fellow group entity for the current year and not recharged to the Company (for the prior year the audit fees were recharged to the Company) No other fees were paid to the auditors in relation to the Company (2010 US$3,000)

7. DIRECTORS AND EMPLOYEES

The Company had no employees during 2011 or 2010

The remuneration paid to the directors comprised

	2011 US$'000	2010 US$'000
Directors' emoluments	10	10
	10	10

Highest paid director's remuneration

	2011 US$'000	2010 US$'000
Emoluments of the highest paid director	5	5
	5	5

Directors remuneration for 2011 and 2010 was borne by a fellow BGC Group entity and not recharged to the Company

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 US$'000	2010 US$'000
Interest on bank & money market fund deposits	9	42
Interest on intercompany loan	247	-
Other interest income	26	-
	282	42

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

9 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 US$'000	2010 US$'000
Unwinding of discount on onerous lease provision	342	-
Other interest expense	-	29
	342	29

The unwinding of the discount on the onerous lease provision was included within the rental expense in administrative expenses in prior years and was not separately calculated

10. TAX (CHARGE)/CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	2011 US$'000	2010 US$'000
i) Analysis of tax (charge) / credit on ordinary activities		
United Kingdom corporation tax at 26 5% (2010 28%) based on the taxable profit for the year	-	5,656
Adjustment in respect of prior periods	(961)	31
Current tax (charge) / credit for year	(961)	5,687
Deferred tax	(122)	496
Tax (charge) / credit for year	(1,083)	6,183

ii) Factors affecting tax (charge) / credit for the current year

The tax assessed for the year is lower/higher than that resulting from applying the standard rate of corporation tax in the UK 26 5% (2010 28%)
The differences are explained below

	2011 US$'000	2010 US$'000
Loss on ordinary activities before tax	(3,011)	(2,008)
Tax credit at 26 5% (2010 28%) thereon	798	562
Effects of		
Expenses not deductible for tax purposes	96	(424)
Non-assessable income	-	56
Depreciation in excess of capital allowances	333	207
Other short term timing differences	-	347
Utilisation of tax losses and other deductions	(1,963)	-
Partnership (profits)/losses	736	4,908
Adjustment in respect of prior periods	(961)	31
Current tax (charge) / credit for year	(961)	5,687

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

10 TAX (CHARGE)/CREDIT ON PROFIT ON ORDINARY ACTIVITIES (Continued)

iii) Factors that may affect future tax charges

The rate of corporation tax enacted at the balance sheet date was 25% Accordingly this rate has been used to calculate the deferred tax asset held by the Company On 21 March 2012 the Chancellor announced a change to the UK rate of corporation tax which will be substantively enacted during March 2012 A corporation tax rate of 24% will be effective from 1 April 2012 with further reductions of 1% per annum anticipated until the rate reaches 22% in 2014 These additional changes will be enacted separately each year The aggregate impact of the proposed reductions from 25% to 22% would reduce the deferred tax asset by approximately US$11k

iv) Deferred tax

A deferred tax asset has not been recognised in respect of timing differences relating to capital allowances in excess of depreciation and other timing differences as there is insufficient evidence that the asset will be recovered

The amount of the asset not recognised is approximately US$7,304k (2010 US$8,268k) The asset would be recovered if there were sufficient trading profits in the future years against which this could be offset

A deferred tax asset is recognised on partnership income that has not been received but is taxed on an arising basis

Movement on deferred taxation balance in the year	2011 US$'000	2010 US$'000
Opening balance	(73)	-
Available for sale reserve	569	(569)
Change of rate	(32)	(3)
(Credit) / charge to profit and loss account	(90)	499
Closing balance	374	(73)

This is represented by	2011 US$'000	2010 US$'000
Revaluation reserve - available for sale investments	-	(569)
Partnership income not yet received	374	496
	374	(73)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

11. TANGIBLE ASSETS

	Computer equipment US$'000	Motor vehicles US$'000	Leasehold improvements US$'000	Equipment and Machinery US$'000	Office furniture US$'000	Total US$'000
COST						
At 1 January 2011	53,564	263	18,048	2,945	6,360	81,180
Disposals and other adjustments	-	-		-	(8)	(8)
At 31 December 2011	53,564	263	18,048	2,945	6,352	81,172
DEPRECIATION						
At 1 January 2011	52,349	263	17,284	2,548	5,748	78,192
Charge for year	896	-	272	280	488	1,936
At 31 December 2011	53,245	263	17,556	2,828	6,236	80,128
NET BOOK VALUE						
At 31 December 2011	319	-	492	117	116	1,044
At 31 December 2010	1,215	-	764	397	612	2,988

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

12. INVESTMENTS

	Available-for-sale investments US$'000	Investment in associated undertakings US$'000	Total US$'000
COST OR VALUATION			
At 1 January 2011	5 985	123,722	129 707
Revaluations	(77)	-	(77)
At 31 December 2011	5,908	123 722	129 630
PROVISION FOR IMPAIRMENT			
At 1 January 2011	28	2,489	2,517
Charge for the year	-	1,597	1,597
At 31 December 2011	28	4,086	4,114
NET BOOK VALUE			
At 31 December 2011	5,880	119 636	125 516
At 31 December 2010	5,957	121 233	127,190

Available for sale investments

Available for sale investments include the following investments

	Historical cost US$'000	Carrying value US$'000 2011	US$'000 2010	Basis of valuation
362,903 shares in London Clearing House – unlisted	430	3,895	3,835	Net asset value of consolidated group
1,809 shares in Euroclear PLC - unlisted	108	1,862	1,985	Net asset value of consolidated group
3,557 shares in NYSE Euronext - listed	381	93	107	Market value of shares
Other investments - unlisted	58	30	30	Cost less impairment

Investment in associated undertakings

The Company has a US$71 9m investment in BGC International LP (2010 US$73 5m) and a US$46 0m investment in BGC Funding Services LP (2010 US$ 46 0m)

During the year the investment in BGC International LP has been impaired by US$1 6m (2010 US$2 5m)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

12. INVESTMENTS (CONTINUED)

Investments in BGC Group undertakings represent capital contributions to the following limited partnerships

Name	Holding	Limited Partnership activity	Registration
BGC International LP	81 7%	Servicing entity	England and Wales
BGC Funding Services LP	49 75%	Financing entity	England and Wales

As per the partnership agreements BGCI has a non-controlling interest in BGC International LP and BGC Funding Services LP and therefore these are not consolidated into the Company's accounts Under the partnership agreement, BGCI is entitled to 0 01% of the retained surplus of BGC International LP Any losses are fully allocated to other partner s capital in the first instance Once the other partner s capital has been fully utilised to absorb losses, any remaining losses incurred by BGC International LP are charged against BGC International's capital account

13 DEBTORS

	2011 US$'000	2010 US$'000
Trade debtors	376	687
Amounts owed by other group undertakings	162	1,433
Loan to group undertaking	28,000	-
Deferred taxation (note 10iv)	374	496
Other debtors	4,074	4,050
Corporation tax	4	-
	32,990	6,666

The directors consider the carrying value of debtors approximates to their fair value Other debtors includes US$2 0m (2010 US$3 4m) relating to an employee benefit trust

The loan to a group undertaking represents an unsecured loan granted to BGC European Holding LP on 28 September 2011 The loan is subject to interest at the rate of three months USD LIBOR plus 290 basis points and is for a period of two years

14. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 US$'000	2010 US$'000
Trade creditors	1,167	1,533
Amounts owed to other group undertakings	824	900
Other taxes and social security	4,831	5,569
Deferred taxation (note 10iv)	-	569
Corporation tax	-	1,395
Accruals and deferred income	1,306	1,184
	8,128	11,150

The directors consider the carrying value of creditors falling due within one year approximates to fair value The amounts owed to group undertakings are non-interest bearing and payable on demand

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

15. PROVISION FOR LIABILITIES

	2011 US$'000	2010 US$'000
At 1 January	626	883
Charge to profit and loss account	3,252	-
Unwinding of discount	342	-
Utilised during the year	(906)	(257)
At 31 December	3,314	626
Current (less than one year)	820	213
Non-current (more than one year)	2,494	413
At 31 December	3,314	626

The provision for onerous lease commitments has been calculated for properties vacated during 2006 and 2007 by reference to discounted expected future net cash flows relating to the properties The lease term will expire in September 2016 During the year, the provision was further increased by US$3 3 million This was to account for an expected increase in lease rental charges with limited recourse to increase the rental income from the sublease tenant

16. CALLED UP SHARE CAPITAL

	2011 US$'000	2010 US$'000
Called up, allotted and fully paid:		
118,783,829 (2010 118,783 829) ordinary shares of £1 each	203,308	203,308

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

17. RESERVES

	Available for sale reserve US$'000	Profit and loss account US$'000	Total US$'000
At 1 January 2010	5,636	(58,754)	(53,118)
Retained profit for the financial year	-	4,175	4,175
Revaluation of available-for-sale investments	(270)	-	(270)
Deferred taxation on revaluation of available for sale investments (see note 10iv)	(569)	-	(569)
At 31 December 2010	4,797	(54,579)	(49,782)
At 1 January 2011	4,797	(54,579)	(49,782)
Retained profit for the financial year	-	(4,094)	(4,094)
Revaluation of available-for-sale investments	(77)	-	(77)
Deferred taxation on revaluation of available for sale investments (see note 10iv)	569	-	569
At 31 December 2011	5,289	(58,673)	(53,384)

Included in the available for sale reserve movement for 2011 is a deferred tax credit of US$569k (2010 charge US$569k)

18 RECONCILIATION OF SHAREHOLDERS' FUNDS

	Note	US$'000
Opening shareholders' funds for 2010		150,190
Retained profit for the financial year	17	4,175
Revaluation of available for sale investments	17	(270)
Deferred taxation on revaluation of available for sale investments	10iv, 17	(569)
Closing shareholders' funds for 2010		153,526
Revaluation of available for sale investments	12,17	(77)
Deferred taxation on revaluation of available for sale investments	10iv, 17	569
Retained profit for the financial year	17	(4,094)
Closing shareholders' funds for 2011		149,924

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

19 COMMITMENTS

At 31 December 2011 the Company was committed to making the following payments during the next year in respect of operating leases

	2011 US$'000	2010 US$'000
Leases over land and buildings which expire:		
Within one year	158	145
Within two to five years	4,822	143
After five years	-	3,209
	4,980	3,497

20. CONTINGENT LIABILITIES

The Company is a defendant in various legal actions In the directors' opinion, these matters will not have a material impact on the financial position of the Company

21. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 from disclosing related party transactions with other BGC and Cantor group entities Disclosure of related party transactions is included in the consolidated financial statements of BGC Partners, Inc , which are publicly available

On 15 April 2011, G Moorehouse, a director of the Company, was granted a loan from a related party, repayable on demand, with annual interest payable based on the American Federal Rate The amount outstanding as at 31 December 2011 was US$37,988 (31 December 2010 US$nil) During the year, US$5,785 was repaid

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

22 DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilises the following derivative instruments for funding purposes

	31 December 2011		
	Contract or underlying principal amount $'000	Fair Value Asset $'000	Fair Value Liability $'000
Currency Swaps	1 541	13	-
	1 541	13	-

	31 December 2010		
	Contract or underlying principal amount $'000	Fair Value Asset $'000	Fair Value Liability $'000
Currency Swaps	6,497	66	-
	6,497	66	-

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique

Level 1	quoted (unadjusted) prices in active markets for identical assets or liabilities,
Level 2	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and
Level 3	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

31 December 2011

Financial Assets	**Level 1** US$'000	**Level 2** US$'000	**Level 3** US$'000	**Total** US$'000
Financial investments available-for-sale				
Quoted equity investments	93	-	-	93
Unquoted equity investments	-	-	5 757	5 757
Derivative financial instruments-asset				
Currency Swaps	-	13	-	13
	93	13	5,757	5 863

31 December 2010

Financial Assets	**Level 1** US$'000	**Level 2** US$'000	**Level 3** US$'000	**Total** US$'000
Financial investments available-for-sale				
Quoted equity investments	107	-	-	107
Unquoted equity investments	-	-	5 820	5,820
Derivative financial instruments-asset				
Currency Swaps	-	66	-	66
	107	66	5,820	5 993

Derivatives financial instruments

The currency swaps are derivative financial instruments valued using a valuation technique with market observable inputs The valuation technique uses forward pricing and swaps model applying present value calculations The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves

Derivative financial assets and liabilities are held at the net fair value at counterparty level The net fair value of the derivative financial assets and liabilities stated in note 22, if a total asset, is included in other debtors (see note 13) and is designated as 'held for trading' financial assets at fair value through the profit and loss account The net fair value of the derivative financial assets and liabilities stated in note 22, if a total liability, is included in other creditors (see note 14) and is designated as 'held for trading' financial liabilities at fair value through the profit and loss account

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

23 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Unquoted equity instruments

Unquoted equity instruments are valued using the net asset value of the investment as per the latest available financial statements

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value

Financial Assets	At 1 January 2011 US$'000	Total gains / (losses) recorded in equity US$'000	At 31 December 2011 US$'000
Financial investments available-for-sale			
Unquoted equity investments	5,820	(63)	5,757
Total level 3 financial assets	5,820	(63)	5,757

There were no gains or losses on level 3 financial instruments included in the profit and loss account for the year

The following table shows the impact on the fair value of level 3 instruments of using reasonably possible alternative assumptions

	Carrying amount US$'000	31 December 2011 Effect of reasonably possible alternative assumption US$'000
Financial Assets		
Financial investments available-for-sale		
Unquoted equity investments	5,757	(576)

For unquoted equity investments, the Company adjusted the net asset value by decreasing the net asset value by ten per cent, which is considered by the Company to be a reasonably possible alternative

24 RISK MANAGEMENT

Risk is inherent in the Company's activities but is carefully managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and controls This process of risk management is critical to the Company's continuing profitability The Company is exposed to credit, market, foreign exchange, interest rate, liquidity, operational and capital risks in the course of its normal business

BGC entities are exempt from preparing certain of the FRS 29 (Financial Instruments Disclosures) disclosures because of equivalent disclosures in the consolidated financial statements of BGC Partners, Inc , which are publicly available

The Board places reliance on the BGC Group s Risk Management function and receives regular reports on specific risks affecting the Company

24. RISK MANAGEMENT (Continued)

Credit Risk

Credit risk is the risk of loss from a customer default As the Company recharges the use of its fixed assets to other BGC and Cantor Group entities, all customers are related entities As a result of the Company s total reliance on the continued relationship with the BGC and Cantor groups, the Company s credit risk is reduced

The directors consider that the carrying value of the financial assets best represents the maximum credit risk exposure at the balance sheet date

Market Risk

The company faces market risk in respect of any change in the market value of investments held

Foreign Exchange

The Company is exposed to risk associated with changes in foreign exchange rates The Company's operations generate a sizeable portion of its expenses in British Pounds Changes in the translation of the Company s net assets are recorded as part of its operating results and fluctuate with changes in exchange rates

Based on the balance sheet as at 31 December 2011, a 1% adverse foreign exchange movement against the US Dollar with all other variables held constant would result in a decrease in the profit and loss account of US$86k (2010 US$52k)

Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Company's financial assets and liabilities as at the balance sheet date was as follows

31 December 2011

	Less than one year $'000	More than one year $'000	Non-interest $'000	Total $'000
Cash at bank and in hand	1,816	-	-	1,816
Loan to group undertaking	-	28,000	-	28,000
Amount owed to other group undertakings	-	-	(662)	(662)
Other financial assets and liabilities	-	-	1,977	1,977
	1,816	28,000	1,315	31,131

31 December 2010

	Less than one year $'000	More than one year $'000	Non-interest $'000	Total $'000
Cash at bank and in hand	28,458	-	-	28,458
Amount owed by other group undertakings	-	-	533	533
Other financial assets and liabilities	-	-	1,966	1,966
	28,458	-	2,499	30,957

24. RISK MANAGEMENT (Continued)

Other financial assets and liabilities include trade debtors, trade creditors, other debtors and accruals and deferred income, details of which can be found in notes 13 and 14

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments The intercompany loan is carried at amortised cost and is issued and redeemed at par with maturity in less than two years and is therefore not affected by any significant interest rate risk Given that the Company's only other interest bearing asset is cash and that it has no interest bearing liabilities at the year end, the impact on the future cash flow of the entity is immaterial given the current low interest rates (2010 immaterial)

Liquidity Risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive cost Liquidity risk can arise from mismatching in the timing of cash flows A lack of liquidity could stop or materially hinder the operations of the Company as well as lead to significant reputational damage

The Company retains significant cash and other liquid asset balances as a liquidity reserve for a variety of other stress events, which could be used to access other currencies via the foreign exchange swap market

Aside from cash, the remainder of the assets tend to be investments, fixed assets and employee loans, which are illiquid and are funded with long-term liabilities

As at 31 December 2011, the Company had financial liabilities with maturities of less than 1 year totalling US$8,624k (2010 US$11,150) Derivative financial instruments are settled within one year of the balance sheet date on a gross basis and are included in trade debtors and trade creditors, dependant on the total net fair value

The Company has sufficient liquid assets to meet its liabilities as they fall due and will also be receiving income from other BGC Group undertakings in excess of forecast expenses Liquidity is managed on a day-to-day basis by the BGC Group's Treasury Department, and the Company participates in the BGC Group's centralised treasury arrangement

Operational Risk

Operational risk is the risk of loss, resulting from inadequate or failed internal processes, people and systems, or from external events When controls fail to perform, operational risks can cause damage to reputation, have regulatory and legal implications or lead to financial loss The Company cannot expect to eliminate all operational risks, but by implementing a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks Controls include effective segregation of duties, access controls, authorisation controls, reconciliation procedures and various assessment processes and the use of Internal Audit

The Company has placed reliance on the Risk Management Function of the BGC Group to establish comprehensive control and governance structures to ensure that the risks faced by the BGC Group are managed carefully

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2011

24. RISK MANAGEMENT (Continued)

Capital Risk Management

The Company maintains an adequate capital base to cover risks inherent in the business

The primary objective of the Company's capital risk management is to ensure that the Company will be able to continue as a going concern The capital structure consists of cash at bank and in hand and capital and reserves, comprising called up share capital, available for sale reserves and retained earnings as disclosed in the primary statements and note 17

The Company manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of its activities In order to maintain or adjust the capital structure, the Company may adjust the amount of distributions paid or request additional capital contributions from its parent company

Capital

	2011 US$'000	2010 US$'000
Called up share capital, available for sale reserve and retained earnings	149,924	153,526
	149,924	153,526

25. POST BALANCE SHEET EVENTS

On 28 February 2012, the FSA confirmed that it had released the BGC European Holdings L P Group ('BGCEHLP Group'), of which the Company is a member, from its voluntary undertaking given in May 2011 to limit the ability of the BGCEHLP Group, including the Company, to complete acquisitions or diversify into new business lines With respect to such acquisitions or new business lines or any material change in their risk profile, members of the BGCEHLP Group intend voluntarily to provide prior notice to the FSA

On 3 April 2012, the shareholders of LCH Clearnet Group Limited (LCH Clearnet) and London Stock Group plc (LSEG), separately approved the acquisition by LSEG of the majority ownership of LCH Clearnet This transaction is expected to complete prior to the end of 2012 The Company, being a shareholder of LCH Clearnet, approved this transaction

On 9 May 2012, the Court of Appeal issued a judgment in respect of a rental dispute between the Company and its landlord The year end onerous lease provision reflects this judgment In addition, the Court of Appeal has ordered the landlord to reimburse certain legal costs incurred by the Company The reimbursement of costs will be recognised within the profit and loss account for the year ended 31 December 2012

26. PARENT ENTITIES

The immediate parent and controlling party is BGC International Holdings, LP, which is registered in the United States of America The ultimate controlling party is Cantor Fitzgerald, LP, which is registered at 499 Park Avenue, New York, NY 10022, United States of America

The smallest group into which the results of the Company are consolidated is BGC European Holdings LP, a limited partnership registered in England and Wales The largest group to make its financial statements publicly available into which the results of the Company are consolidated is BGC Partners, Inc , which is registered at 499 Park Avenue, New York, NY 10022, United States of America The largest group into which the results of the Company are consolidated is Cantor Fitzgerald L P which does not produce publicly available financial statements