

CITINET LIMITED

(Registered Number: 2106633)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2002



CITINET LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements of the Company for the year ended 31 December 2002, which have been prepared in accordance with the provisions of the Companies Act 1985.

Principal activity and future developments

The Company's principal activity is the holding of investments. On 9 January 2002 the Company sold an interest in FXNET Limited to EBS Dealing Resources International Limited. The Company retains an interest in EBS Limited, which acts as the general partner in a limited partnership known as "The EBS Partnership".

The Directors have no plans to change the Company's principal activity.

Results and dividends

The Company made a loss for the year after tax of £1,891 (2001: £42,209 profit). The state of affairs of the Company as at the year end was as detailed in the balance sheet.

No dividends were paid by the Company during the year and the Directors do not recommend the declaration of a final dividend in respect of the year.

Directors and their interests

The names of those Directors who held office as at 31 December 2002 were as follows:

S Comer
A M Gaulter
A R Gray
P W Randall

A M Gaulter was appointed with effect from 27 August 2002. S Comer was appointed with effect from 24 September 2002.

None of the Directors or their immediate families had, at any time during the year, any interests in the shares of or contracts with the Company or any other group undertaking which is required to be disclosed under the Companies Act 1985.

Directors' responsibilities for financial statements

Company law requires the Directors to prepare financial statements for each accounting reference period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period (the "financial statements").

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, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the provisions of the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

CITINET LIMITED

REPORT OF THE DIRECTORS

Auditors

An elective resolution to dispense with the annual appointment of the Auditors pursuant to s.386 of the Companies Act 1985 is in force. Accordingly the Company's present Auditors, KPMG Audit Plc, shall be deemed to be re-appointed for 2003 and subsequently until further notice.

By order of the Board



for Citicorporate Limited
Secretary

5 June 2003

Registered office:
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

CITINET LIMITED

Independent Auditors Report to the Members of CITINET LIMITED

We have audited the financial statements on pages 4 to 8.

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 auditor's 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 are responsible for preparing the Directors' Report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants
Registered Auditor
London
5 June 2003

CITINET LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

| | Notes | 2002 £ | 2001 £ |
|---|-------|-----------------------|----------------------|
| Dividend income | 5 | - | 42,209 |
| Administration expenses | | (1,891) | - |
| (Loss) / profit on ordinary activities before taxation | | <u>(1,891)</u> | <u>42,209</u> |
| Tax on profit on ordinary activities | | - | - |
| Retained (loss) / profit for the financial year | | <u><u>(1,891)</u></u> | <u><u>42,209</u></u> |

The notes on pages 6 to 8 form an integral part of these financial statements.

There are no recognised gains or losses other than the loss for the year. All gains and losses relate to continuing activities.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year, and their historical cost equivalents.

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS for the year ended 31 December 2002

| | 2002 £ | 2001 £ |
|--|----------------------|----------------------|
| (Loss) / profit for the financial year | (1,891) | 42,209 |
| Net (loss) / additions to equity shareholders' funds | <u>(1,891)</u> | <u>42,209</u> |
| Opening equity shareholders' funds | 64,733 | 22,524 |
| Closing equity shareholders' funds | <u><u>62,842</u></u> | <u><u>64,733</u></u> |

CITINET LIMITED

BALANCE SHEET

as at 31 December 2002

| | Notes | 2002 £ | 2001 £ |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Investments | 4 | 10 | 13 |
| Current assets | | | |
| Cash at bank and in hand | 5 | 64,732 | 64,732 |
| Current liabilities | | | |
| Creditors: amounts due within one year | 6 | (1,900) | (12) |
| Net current assets | | <u>62,832</u> | <u>64,720</u> |
| Net assets | | <u>62,842</u> | <u>64,733</u> |
| Share capital and reserves | | | |
| Called up share capital | 7 | 25,000 | 25,000 |
| Profit and loss account | 8 | 37,842 | 39,733 |
| | | <u>62,842</u> | <u>64,733</u> |

The notes on pages 6 to 8 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 5 June 2003 and signed on its behalf by:



A R Gray
Director

CITINET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

The accounting policies have been applied consistently throughout the current year and the preceding year, except for the changes noted in 1(c) with regards the adoption of Financial Reporting Standard ("FRS") 19, Deferred Taxation which are set out below:

a) Basis of presentation

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

As permitted under the Companies Act 1985, consolidated financial statements have not been prepared because the Company is a wholly owned subsidiary of another company incorporated in the European Union.

In accordance with the revised Financial Reporting Standard ("FRS") 1, the Company has not prepared a cash flow statement. The Company's results are consolidated in the financial statements of its ultimate parent company, Citigroup Inc., which are made available to the public annually.

Under the subsidiary undertakings exemption of FRS 8, the Company is not required to disclose all transactions with other group companies and investees of the group qualifying as related parties.

b) Fixed asset investments

Fixed asset investments are stated at cost, less any write down for diminution in value regarded as permanent.

c) Taxation

Corporate tax is provided on taxable profits/losses at the current tax rate.

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their treatment for tax purposes on an undiscounted basis. Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

This represents a change from the accounting policy applied in preceding periods under which deferred taxation was provided on the liability method on all material timing differences which were expected to reverse in the future without replacement, calculated at the rate at which it was anticipated that timing differences would reverse. There is no material effect on the tax balances in the current or preceding year as a result of the change in accounting policy.

2. Auditor's remuneration

The Auditor's remuneration for the year has been borne by the Company's immediate holding company.

3. Directors' emoluments

None of the Directors received any emoluments during the year in respect of their services to the Company (2001: £nil).

CITINET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Fixed asset investments

| | 2002 £ | 2001 £ |
|-------------------|-----------|-----------|
| At 1 January | 13 | 19,304 |
| Return of capital | (3) | (19,291) |
| At 1 December | <u>10</u> | <u>13</u> |

5. Cash at bank and in hand

The following amounts are included within cash at bank and in hand:

| | 2002 £ | 2001 £ |
|---|-----------|-----------|
| Cash at bank held by other group undertakings | <u>10</u> | <u>13</u> |

6. Creditors

| | 2002 £ | 2001 £ |
|--|--------------|-----------|
| Amount owed to fellow subsidiary company | <u>1,900</u> | <u>12</u> |

7. Called up share capital

| | 2002 £ | 2001 £ |
|---|---------------|---------------|
| Authorised 25,000 sterling ordinary shares of £1 each (2001: 25,000) | <u>25,000</u> | <u>25,000</u> |
| Allotted, called up and fully paid 25,000 sterling ordinary shares of £1 each (2001: 25,000) | <u>25,000</u> | <u>25,000</u> |

8. Profit and loss account

| | 2002 £ | 2001 £ |
|------------------------------|---------------|---------------|
| At 1 January | 39,733 | (2,476) |
| (Loss) / profit for the year | (1,891) | 42,209 |
| At 31 December | <u>37,842</u> | <u>39,733</u> |

CITINET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Contingent liabilities

Under a group registration made pursuant to the provisions of the Value Added Tax Act 1994, the Company is jointly and severally liable for VAT due by other group companies. At 31 December 2002 this liability amounted in aggregate to £nil (2001: £nil). No valuable consideration has been provided by the Company in respect of this contingency.

10. Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Citigroup Inc., which is incorporated in the United States of America under the laws of the State of Delaware.

The largest group in which the results of the Company are consolidated is that headed by Citigroup Inc. Copies of these group accounts are available to the public and may be obtained from their offices at Document Services, 140 58th Street, Brooklyn, New York, NY 11220, United States of America.

The smallest group in which the results of the accounts are consolidated is that headed by Citibank Investments Limited. Copies of these group accounts are available to the public and may be obtained from its offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.