

**CITINET LIMITED**  
**(Registered Number: 2106633)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2004**



# **CITINET LIMITED**

## **REPORT OF THE DIRECTORS**

The Directors present their report and the financial statements of the Company for the year ended 31 December 2004, which have been prepared in accordance with the provisions of the Companies Act 1985 (as amended).

### **Principal activity and future developments**

The Company's principal activity is the holding of investments. The Company retains an interest in EBS Limited, which acts as the general partner in a limited partnership known as "The EBS Partnership".

It is expected that in due course the Company's interest in EBS Limited will be sold, although there is no definite timescale for that at present.

### **Results and dividends**

The Company made no profit or loss for the year (2003: £328 loss). 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 Directors who held office at 31 December 2004 were:

S Comer  
A M Gaulter  
A R Gray

P W Randall resigned as a Director with effect from 17 December 2004.

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; and
- 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.

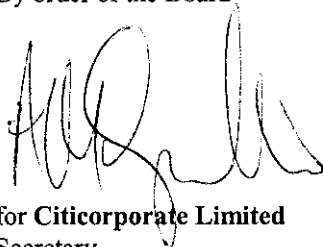
# **CITINET LIMITED**

## **REPORT OF THE DIRECTORS** (continued)

### **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 2005 and subsequently until further notice.

By order of the Board

A handwritten signature in black ink, appearing to be 'A. G. Smith', written over the printed name of the Secretary.

for **Citicorporate Limited**  
Secretary

15 June 2005

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

# **CITINET LIMITED**

## **Independent Auditor's 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 2004 and of its loss 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  
15 June 2005

# CITINET LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2004

	Notes	2004 £	2003 £
Administration expenses		-	(328)
<b>Loss on ordinary activities before taxation</b>		-	(328)
Tax on profit on ordinary activities	4	-	-
<b>Retained loss for the financial year</b>		-	(328)

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 2004

	2004 £	2003 £
Loss for the financial year	-	(328)
Net movements to equity shareholders' funds	-	(328)
Opening equity shareholders' funds	62,514	62,842
Closing equity shareholders' funds	62,514	62,514

# CITINET LIMITED

## BALANCE SHEET

as at 31 December 2004

	Notes	2004 £	2003 £
<b>Fixed assets</b>			
Investments	5	10	10
<b>Current assets</b>			
Cash at bank and in hand	6	62,514	62,514
<b>Current liabilities</b>			
Creditors: amounts due within one year	7	(10)	(10)
<b>Net current assets</b>		<u>62,504</u>	<u>62,504</u>
<b>Net assets</b>		<u>62,514</u>	<u>62,514</u>
<b>Share capital and reserves</b>			
Called up share capital	8	25,000	25,000
Profit and loss account	9	37,514	37,514
		<u>62,514</u>	<u>62,514</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 15 June 2005 and signed on its behalf by:

  
A R Gray  
Director

# **CITINET LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1. Principal accounting policies**

The principal accounting policies have been applied consistently throughout the current year and the preceding year, 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.

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 taxation 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.

### **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.

# CITINET LIMITED

## REPORT OF THE DIRECTORS (continued)

### 4. Tax on profit on ordinary activities

Factors affecting tax charge for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Loss on ordinary activities before tax	<u>-</u>	<u>(328)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	<u>-</u>	<u>(98)</u>
Effects of:		
Expenses not deductible for tax purposes	-	98
Current tax charge for the year	<u>-</u>	<u>-</u>

### 5. Fixed asset investments

	2004 £	2003 £
At 1 January	10	10
Return of capital	-	-
At 1 December 2004	<u>10</u>	<u>10</u>

### 6. Cash at bank and in hand

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

	2004 £	2003 £
Cash at bank held by other group undertakings	<u>62,514</u>	<u>62,514</u>

### 7. Creditors

	2004 £	2003 £
Amount owed to fellow subsidiary company	<u>10</u>	<u>10</u>



# CITINET LIMITED

## REPORT OF THE DIRECTORS (continued)

### 8. Called up share capital

	2004 £	2003 £
Authorised		
25,000 sterling ordinary shares of £1 each (2003: 25,000)	<u>25,000</u>	<u>25,000</u>
Allotted, called up and fully paid		
25,000 sterling ordinary shares of £1 each (2003: 25,000)	<u>25,000</u>	<u>25,000</u>

### 9. Profit and loss account

	2004 £	2003 £
At 1 January 2004	37,514	37,842
Loss for the year	-	(328)
At 31 December 2004	<u>37,514</u>	<u>37,514</u>

### 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 58<sup>th</sup> 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.