

EURO BROKERS SERVICES LIMITED

Report and Financial Statements

For the year ended 31 December 2005



EURO BROKERS SERVICES LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2005

CONTENTS	Page
Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Reconciliations of movements in shareholders' funds	6
Notes to the accounts	7 - 12

EURO BROKERS SERVICES LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a service company.

The company disburses expenditure on behalf of other group companies, holds the group's fixed assets and is directly reimbursed by those companies.

FUTURE PROSPECTS

The directors expect the activity of the company to continue for the foreseeable future.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 4 of the financial statements. The retained loss for the year amounted to US\$2,163,000 (2004 – US\$1,756,000) and this was transferred to reserves.

The directors do not recommend the payment of a dividend (2004 – US\$nil).

GOING CONCERN

The company is dependent on continuing finance being made available from Euro Brokers Holdings Limited, to enable it to continue operating to meet its obligations as they fall due. Euro Broker Holdings Limited has agreed to provide sufficient funds to the company for these purposes. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

DIRECTORS

The following directors held office throughout the year and to the date of this report (except where otherwise shown):

LM Amaitis	Appointed 20 May 2005
S Bartlett	Appointed 20 May 2005
RA Clark	Resigned 28 February 2005, reappointed 20 May 2005
SP Curran	Appointed 20 May 2005, resigned 1 February 2006
SD Lynn	Appointed 20 May 2005
MI Macleod	Appointed 6 February 2006
SM Merkel	Appointed 20 May 2005
WCW Pask	Resigned 20 May 2005
RD Scott	Appointed 20 May 2005, resigned 19 May 2006


The directors had no disclosable interests in the shares of the company at the beginning, at the date of their appointment, or at the end of the year.

AUDITORS

During the year, PricewaterhouseCoopers LLP resigned as auditors and Deloitte & Touche LLP have been appointed in their stead.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


RM Snelling
Company Secretary
24 October 2006

EURO BROKERS SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements. The directors have chosen to prepare accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EURO
BROKERS SERVICES LIMITED**

We have audited the financial statements of Euro Brokers Services Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheets, the reconciliations of movements in shareholders' funds and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you [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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

24 October 2006

EURO BROKERS SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2005

	Notes	2005 US\$'000	2004 (Restated) US\$'000
TURNOVER	2	10,318	14,337
Administrative expenses			
Normal		(13,080)	(14,081)
Exceptional item	5	464	(2,928)
		(12,616)	(17,009)
OPERATING LOSS	3	(2,298)	(2,672)
Interest receivable and similar income	6	286	403
Interest payable	7	(161)	(211)
LOSS ON ORDINARY ACTIVITY BEFORE TAXATION		(2,173)	(2,480)
Tax credit on loss on ordinary activities	8	10	724
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE FINANCIAL YEAR	14	(2,163)	(1,756)
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		(2,013)	(257)
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		(4,176)	(2,013)

The above results relate to continuing activities in the current and prior year.

The company has no recognised gains or losses for the current or prior year other than those stated above and therefore no separate statement of recognised gains and losses has been presented.

EURO BROKERS SERVICES LIMITED

BALANCE SHEET

31 December 2005

	Note	2005 US\$'000	2005 US\$'000	2004 (Restated) US\$'000	2004 (Restated) US\$'000
FIXED ASSETS					
Tangible assets	9		782		1,558
CURRENT ASSETS					
Cash at bank and in hand		1		-	
Debtors	10	5,082		8,709	
CREDITORS - amounts falling due within one year	11	<u>(5,650)</u>		<u>(7,498)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(567)</u>		<u>1,211</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			215		2,769
PROVISION FOR LIABILITIES AND CHARGES	12		<u>(4,389)</u>		<u>(4,780)</u>
NET LIABILITIES			<u>(4,174)</u>		<u>(2,011)</u>
CAPITAL AND RESERVES					
Called up share capital	13		2		2
Profit and loss account	14		<u>(4,176)</u>		<u>(2,013)</u>
EQUITY SHAREHOLDERS' DEFICIT			<u>(4,174)</u>		<u>(2,011)</u>

The financial statements were approved by the Board of Directors on 24 October 2006.

Signed on behalf of the Board of Directors



Mark Macleod
Director

EURO BROKERS SERVICES LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 December 2005

	2005	2004
	US\$'000	(Restated) US\$'000
Loss for the financial year	(2,163)	(1,756)
Opening equity shareholders' funds	<u>(2,011)</u>	<u>(255)</u>
Closing equity shareholders' funds	<u><u>(4,174)</u></u>	<u><u>(2,011)</u></u>

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom company law and Accounting Standards (UK Generally Accepted Accounting Practice).

The principal accounting policies are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Change of reporting currency

The reporting currency has been changed from Sterling to US dollars for consistency with other group companies and accordingly the comparatives have been restated.

Foreign exchange

All monetary assets and liabilities denominated in currencies other than US Dollars are translated into US Dollars at the rates ruling at the balance sheet date. Transactions in currencies other than US Dollars are recorded at the average rates ruling during the month that the transactions occurred. Translation differences are taken to the profit and loss account.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

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

Short leasehold improvements	Over the period of the lease
Motor vehicles	33%
Fixtures and fittings	20% to 33%

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 group'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 net 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.

Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Cash Flow statement

The company has not prepared a cash flow statement in accordance with Financial Reporting Standard 1 (Revised) - Cash Flow Statements. A consolidated cash flow statement is contained in the consolidated financial statements of BGC Financial Inc (previously Maxcor Financial Inc).

Related party disclosures

The company has not provided the disclosures required by Financial Reporting Standard 8 - Related Party Transactions in respect of transactions with companies in the Euro Broker group as more than 90% of the voting rights of the company are controlled within the Euro Broker group.

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

2. TURNOVER

Turnover represents the reimbursement of expenditure incurred on behalf of other group companies, and arises in the UK.

3. OPERATING LOSS

	2005 US\$'000	2004 US\$'000
The operating loss is stated after charging:		
Auditors' remuneration, audit	139	-
Auditors' remuneration, other services	116	-
Amounts payable in respect of operating leases – land and building	2,157	2,934
Finance charges payable under finance leases and hire purchase contracts	-	50
Depreciation charge - owned assets	763	667
- leased assets	-	63
Foreign exchange losses	89	61

4. DIRECTORS AND EMPLOYEES

The average number of employees during the year was nil (2004 – nil). Directors' emoluments have been borne by other group companies.

5. EXCEPTIONAL ADMINISTRATIVE COSTS

	2005 US\$'000	2004 US\$'000
Onerous lease provision release (Note 12)	(464)	2,928

The provision charge is in respect of the onerous lease contract relating to excess rented office space within the group's premises in Houndsditch, London.

The provision established provides for the full amount of rent payable until the date at which it is estimated that a new tenant will be found, as well as the estimated shortfall thereafter between sub-lease rental income and rent payable by the Company. It has been assumed that the rental receivable will become greater than the rental payable from July 2010 onwards. The cash flows have been discounted on a pre-tax basis.

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005 US\$'000	2004 US\$'000
Bank interest	1	-
Interest on loans to parent undertaking	285	403
	<u>286</u>	<u>403</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 US\$'000	2004 US\$'000
Interest on loans from fellow subsidiary	161	211
	<u>161</u>	<u>211</u>

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2005 US\$'000	2004 US\$'000
i) Analysis of tax charge on ordinary activities		
United Kingdom corporation tax at 30% (2004 – 30%) based on the profit for the year	1	(785)
Adjustment in respect of prior periods	-	(12)
	<u>1</u>	<u>(797)</u>
Current tax charge for year	(11)	73
Deferred tax – timing differences, origination and (reversal)	(10)	(724)
	<u>(20)</u>	<u>(651)</u>

ii) Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK:30% (2004 – 30%)
The differences are explained below:

	2005 US\$'000	2004 US\$'000
Loss on ordinary activities before tax	(2,173)	(2,480)
Tax at 30% thereon	(652)	(744)
Effects of:		
Expenses not deductible for tax purposes	43	43
Capital allowances less than depreciation	(23)	(84)
Tax losses utilised	632	-
Foreign exchange adjustment	1	-
Prior period adjustments	-	(12)
	<u>1</u>	<u>(797)</u>
Current tax charge for year	<u>1</u>	<u>(797)</u>

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

iii) Deferred tax

	2005 US\$'000	2004 US\$'000
Movement on deferred taxation balance in the year		
Opening balance	491	564
Foreign exchange adjustment	(21)	-
Release/(charge) to profit and loss account	11	(73)
Closing balance	481	491

This is represented by:

	2005 US\$'000	2004 US\$'000
Depreciation in excess of capital allowances	402	432
Other short term timing differences	79	59
	481	491

9. TANGIBLE FIXED ASSETS

	Short leasehold land & buildings US\$'000	Motor vehicles US\$'000	Furniture, fixtures and equipment US\$'000	Total US\$'000
Cost				
At 1 January 2005	4,676	959	15,201	20,836
Additions for the year	45	65	211	321
Disposals	(502)	(745)	(12,005)	(13,252)
At 31 December 2005	4,219	279	3,407	7,905
Depreciation				
At 1 January 2005	4,676	373	14,229	19,278
Charge for the year	15	139	609	763
Disposals	(502)	(411)	(12,005)	(12,918)
At 31 December 2005	4,189	101	2,833	7,123
Net book amount				
At 31 December 2005	30	178	574	782
At 31 December 2004	-	586	972	1,558

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

10. DEBTORS

	2005 US\$'000	2004 US\$'000
Amounts owed by group undertakings	4,357	6,736
Other debtors	4	1,238
Prepayments and accrued income	240	244
Deferred taxation (Note 8)	481	491
	<u>5,082</u>	<u>8,709</u>

Amounts owed by parent undertaking include £2,204,856 (2004 - £3,506,000), equivalent to US\$3,786,840 (2004 - US\$6,282,752), subordinated loan notes which carry interest at 2% over base rate, are unsecured and repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 US\$'000	2004 US\$'000
Bank loans and overdrafts	4	13
Amounts owed to immediate parent undertaking	3,339	2,450
Amounts owed to fellow subsidiary undertakings	1,601	1,957
Amounts owed to group undertakings	74	1,882
Other taxes and social security	228	-
Other creditors	404	1,000
Obligations under finance leases and hire purchase agreements	-	196
	<u>5,650</u>	<u>7,498</u>

Amounts owed to immediate parent undertaking include £1,000,000 (2004 - £1,000,000), equivalent to US\$1,717,500 (2004 - US\$1,792,000) at the year end rate, subordinated loan notes which carry interest at 2% over base rate.

12. PROVISION FOR LIABILITIES AND CHARGES

	At 1 January 2005 US\$'000	Charged to Profit and Loss account	Released to Profit and Loss account	At 31 December 2005 US\$'000
Onerous lease provision	3,937	-	(464)	3,473
Dilapidations	843	73	-	916
	<u>4,780</u>	<u>73</u>	<u>(464)</u>	<u>4,389</u>

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

13. CALLED UP SHARE CAPITAL

	2005 £'000	2004 £'000
Authorised:		
10,000 ordinary shares of £1 each	10	10
	<u>2005</u>	<u>2004</u>
	US\$'000	US\$'000
Called up, allotted and fully paid:		
1,000 Ordinary shares of £1 each	2	2

14. PROFIT AND LOSS ACCOUNT

	2005 US\$'000	2004 US\$'000
At 1 January 2005	(2,013)	(257)
Loss for the financial year	(2,163)	(1,756)
	<u>(4,176)</u>	<u>(2,013)</u>
At 31 December 2005		

15. COMMITMENTS

At 31 December 2005 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings	
	2005 US\$'000	2004 US\$'000
Operating leases expiring:-		
More than five years	2,233	2,330

16. RELATED PARTY TRANSACTIONS

As of 31 December 2005 the intercompany balances held with related parties comprised:

	2005		2004	
	Owed to US\$'000	Owed by US\$'000	Owed to US\$'000	Owed by US\$'000
BGC International	73	-	-	-

17. PARENT COMPANIES

The immediate parent, controlling party and the smallest group into which the consolidated results of the company are consolidated is Euro Brokers Holdings Limited, registered in Great Britain.

The ultimate parent, controlling party and the largest group into which the consolidated results of the company are consolidated is Cantor Fitzgerald L.P., registered in the United States of America.

Consolidated financial statements in which Euro Broker Limited is included are publicly available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.