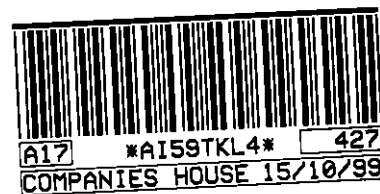


EURO BROKERS SERVICES LIMITED
(REGISTERED NUMBER: 2284837)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 1998



EURO BROKERS SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and the audited financial statements of the company for the year to 31 December 1998.

Company law requires the directors to prepare 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.

The directors consider that in preparing the financial statements on pages 4 to 12, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

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 Companies Act 1985. 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.

Review of the business and future developments

The company disburses expenditure on behalf of other group companies, holds the group's fixed assets and associated finance leases and is directly reimbursed by those companies. This role is expected to continue for the foreseeable future. The immediate parent company, Euro Brokers Holdings Limited has indicated that it will continue to provide sufficient funds for the company to operate for at least the next twelve months.

Results and dividends

Details of the results for the period are set out in the profit and loss account on page 4

No dividend has been paid or recommended.

Tangible fixed assets

The changes in tangible fixed assets are detailed in note 8 to the financial statements.

Year 2000

The company has recognised the challenge presented by the millennium, and in particular the change of date from 1999 to 2000. The company has been working actively to achieve Year 2000 compliance since 1997 and has identified the scope of the problem and the remedial action required.

The company has developed full inventories of both IT systems and non-IT equipment (such as alarms and safes) and a programme of systems upgrades, replacements and testing is well advanced to ensure that all affected items are Year 2000 compliant. The majority of the company's critical systems were upgraded to Year 2000 compliant versions prior to the end of 1998 and the target for achieving full compliance is July 1999.

EURO BROKERS SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998 (Continued)

Year 2000 (Continued)

The company is dependent on third parties for many services and systems it uses and as this may expose the company to some risk or delay, the company is developing comprehensive contingency plans to address these and other such eventualities.

The company is also initiating a programme of assessing the Year 2000 readiness of all its customers and correspondents. The programme is on-going and the company will continue its review and monitor progress during 1999.

Due to the company's ongoing policy of upgrading computerised systems on a regular basis, the incremental cost of achieving Year 2000 compliance is not significant.

Directors

The directors of the company during the period were:

NMP Chadd	(resigned 9 January 1998)
RA Clark	
PS Dunkley	
SA Matteo (USA)	
MC Morrison	(resigned 9 January 1998)
WCW Pask	(appointed 2 January 1998)
BA Scott	(resigned 9 October 1998)
D Spong	(resigned 9 January 1998)

None of the directors had any interest in the shares of the company.

Auditors

The incumbent auditors, Price Waterhouse, merged with Coopers & Lybrand effective from 1 July 1998. Price Waterhouse subsequently resigned as auditors of the company and PricewaterhouseCoopers were appointed to fill the casual vacancy.

By Order of the Board



A Lewis
Secretary

25 March 1999

PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London SE1 9SY
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AUDITOR'S REPORT TO THE SHAREHOLDERS OF EURO BROKERS SERVICES LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements as described on page 1. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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 is not disclosed.

We read the other information contained in the Directors Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


Basis of 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 the company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

25 March 1999

EURO BROKERS SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	<i>Notes</i>	1998	1997
		£'000	£'000
Turnover	3	10,562	11,119
Administrative expenses	5	(10,277)	(11,061)
<hr/>			
Profit on ordinary activities before taxation		285	58
Tax on profit on ordinary activities	7	(88)	(38)
<hr/>			
Retained profit for the financial year	16	197	20

Turnover, operating profit and profit on ordinary activities before taxation relate exclusively to continuing operations.

The company has no other recognised gains or losses other than those reflected in the above profit and loss account.

The notes on pages 6 to 12 form part of these financial statements.

EURO BROKERS SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1998

	<i>Notes</i>	1998	1998	1997	1997
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		2,273		2,825
Current assets					
Debtors	9	2,280		2,065	
Cash at bank and in hand		-	2,280	36	2,101
Creditors (amounts falling due within one year)	10		(4,192)		(4,819)
Net current liabilities			(1,912)		(2,718)
Total assets less current liabilities			361		107
Creditors (amounts falling due after more than one year)	11		(226)		(169)
			135		(62)
Capital and reserves					
Called up share capital	15		1		1
Profit and loss account	16		134		(63)
Shareholders' funds (equity interests)	17		135		(62)

Approved by the Board on 25 March 1999



WCW Pask
Director

The notes on pages 6 to 12 form part of these financial statements.

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1998

1. Accounting Policies

Accounting convention

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

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The cost less residual value in respect of motor vehicles, and in all other cases the cost, is written off in equal annual instalments based on the estimated useful lives which are:

Leasehold:	10 years
Fixtures and fittings:	3-5 years
Motor vehicles:	3 years

Leased assets and assets held under hire purchase agreements

Tangible fixed assets held under finance leases and hire purchase agreements are capitalised at the fair value of the asset at the inception of the lease and depreciated in the same manner as owned assets. The obligation to pay future rentals is included in creditors, net of related finance charges.

Rentals paid under operating leases are accounted for on a straight line basis over the term of the lease.

Deferred taxation

Provision is made for deferred taxation where a reasonable expectation exists that the tax will become payable or recoverable in due course. Deferred taxation arises where items of income and expenditure are subject to tax charge or relief in years other than those in which they are reported in the financial statements. The rates of corporation tax at which deferred taxation is provided are those forecast for the time at which payment or relief will arise.

2. Cashflow statement and related party disclosures

As a wholly owned subsidiary (see note 20), the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Maxcor Financial Group Inc. group or investees of the Maxcor Financial Group Inc. group.

3. Turnover

Turnover represents the reimbursement of expenditure incurred on behalf of other group companies.

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1998 (Continued)

4. Segmental information

The sole class of business for the company during the year was that of a service company to the group. The sole geographical segment from which the company has operated is the United Kingdom.

5. Administrative expenses

	1998	1997
	£'000	£'000
Amounts payable in respect of operating leases	939	877
Finance charges payable under finance leases and hire purchase contracts	49	73
Depreciation	1,135	1,305
Exchange gains	(16)	(4)
Other expenses	8,170	8,810
	10,277	11,061

Auditors' remuneration has been borne by other group companies.

6. Directors' emoluments and employees

The average number of employees during the year was Nil (1997: Nil).

The aggregate emoluments, including pension contributions, of the directors of the company were £87,000 (1997: £134,000). The emoluments of the highest paid director, excluding pension contribution were £87,000 (1997: £134,000).

The other directors received total directors' fees amounting to £Nil (1997: £Nil) in respect of their services to the company.

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1998 (Continued)

7. Taxation

	1998	1997
	£'000	£'000
The charge for the year comprises:		
UK corporation tax at 31% (1997: 31.5%)	156	175
Corporation tax underprovided in previous years	-	39
Deferred tax credit (Note 12)	(68)	(176)
	88	38

8. Tangible fixed assets

	Short Leasehold Land & Buildings	Motor vehicles	Furniture, fixtures and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 1998	2,318	773	6,367	9,458
Additions	271	185	314	770
Disposals	-	(358)	-	(358)
At 31 December 1998	2,589	600	6,681	9,870
Depreciation				
At 1 January 1998	983	243	5,407	6,633
Charge for the year	267	107	761	1,135
Disposals	-	(171)	-	(171)
At 31 December 1998	1,250	179	6,168	7,597
Net book amount				
At 31 December 1998	1,339	421	513	2,273
At 31 December 1997	1,335	530	960	2,825

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1998 (Continued)

8. Tangible fixed assets (Continued)

Of the assets above, the amounts held under finance leases and hire purchase agreements are as follows:

	Motor vehicles
	£'000
Cost	600
Accumulated depreciation	179
Net book amount at 31 December 1998	421

Depreciation charge for the year on motor vehicles was £107,000 (1997 : £165,000).

9. Debtors

	1998	1997
	£'000	£'000
Amounts owed by group undertakings	1,418	1,621
Prepayments and accrued income	465	233
Other debtors	118	-
Deferred taxation (Note 12)	279	211
	2,280	2,065

10. Creditors (amounts falling due within one year)

	1998	1997
	£'000	£'000
Bank overdraft	87	-
Amounts owed to group undertakings	1,216	1,782
Other creditors	2,569	2,679
Taxation	156	39
Obligations under finance leases and hire purchase agreements	164	319
	4,192	4,819

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1998 (Continued)

11. Creditors (amounts falling due after more than one year)

	1998	1997
	£'000	£'000
Obligations under finance leases and hire purchase agreements	226	169

12. Deferred taxation

	£'000	
As at 1 January 1998		211
Movement for year		68
As at 31 December 1998		279
	Provided	Unprovided
	£'000	£'000
Depreciation in excess of capital allowances	207	-
Other short term differences	72	-
	279	-

13. Hire purchase contracts and finance leases

Gross obligations under finance leases are as follows:

	1998	1997
	£'000	£'000
Payable within one year	191	363
Payable between one and five years	263	193
	454	556
Less: Finance charges allocated to future periods	(64)	(68)
Net obligations under finance leases and hire purchase contracts	390	488

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1998 (Continued)

14. Operating lease commitments

	1998	1997
	£'000	£'000
Annual commitments under operating leases which expire:		
Within one year	711	1,107
Within two to five years	291	10
Over five years	1,347	1,263
	2,349	2,380

Operating lease commitments are mainly in respect of information technology and telecommunication services and land and buildings.

15. Share capital

	1998	1997
	£'000	£'000
Authorised:		
10,000 ordinary shares of £1	10	10
Allotted, called up and fully paid:		
1,000 ordinary shares of £1	1	1

16. Reserves

	1998	1997
	£'000	£'000
At 1 January	(63)	(83)
Retained profit for the year	197	20
At 31 December	134	(63)

EURO BROKERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1998 (Continued)

17. Reconciliation of movements in shareholders' funds

	1998	1997
	£'000	£'000
Opening shareholders' funds	(62)	(82)
Retained profit for the year	197	20
Closing shareholders' funds	135	(62)

18. Capital commitments

There were £Nil capital commitments at 31 December 1998 (1997: £Nil).

19. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Maxcor Financial Group Inc a public company incorporated in the United States of America.

20. Parent undertaking

The largest and smallest group accounts which are prepared and of which the company is a member are as follows:

	Largest	Smallest
Name of company:	Maxcor Financial Group Inc	Euro Brokers Holdings Limited
Country of incorporation:	United States of America	United Kingdom
Address from which copies of the group accounts may be obtained:	Two World Trade Center Suite 8400 New York NY10048	133 Houndsditch London EC3A 7AJ