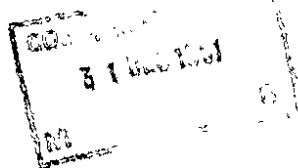
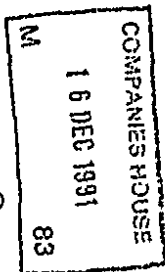


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CANTOR FITZGERALD (GILTS) LIMITED
(FORMERLY SPEED (288) LIMITED)

REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM MAY 24, 1990 TO
MARCH 29, 1991

COMPANY REGISTRATION NUMBER: 2505767



CANTOR FITZGERALD (GILTS) LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the financial statements for the period from incorporation on May 24, 1990 to March 29, 1991 ("the financial period").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company was incorporated in Great Britain on May 24, 1990.

The company is a member of the Securities and Futures Authority and of The Stock Exchange.

The company acts as an inter dealer broker in Gilts and intends to continue in this activity.

RESULTS AND DIVIDENDS

The company made a loss of £281,572 in the financial period ended 29 March 1991.

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who held office during the period were:

Mr J.M. Avena	Appointed on 22/06/90, Resigned on 21/12/90
Mr A.F. Goldman	Appointed on 22/06/90
Mr M.F. Howard	Appointed on 22/06/90
Mr J. Kiddy	Appointed on 22/06/90
Mr H. Lutnick	Appointed on 21/12/90
Mr J.A. Malvasio	Appointed on 22/06/90
Mr S. Mansukhani	Appointed on 24/05/90, Resigned on 22/06/90
Mr H. Needleman	Appointed on 22/06/90

The directors had no interest in the shares of the company at its incorporation or at the end of the financial period.

The company is not required to show directors' interests in its immediate and ultimate parent companies incorporated outside Great Britain.

CANTOR FITZGERALD (GILTS) LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Touche Ross & Co. as auditors to the company will be proposed at the Annual General Meeting.

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



Secretary
June 7, 1991

Director

Touche Ross



Chartered Accountants

Touche Ross & Co.
Peterborough Court
133 Fleet Street
London EC4A 2TR

Telephone: National 071 936 3000
International +44 71 936 3000
Telex: 884739 TRLNDN G
Fax (Gp. 3): 071 583 1198
LDE: DX 599

AUDITORS' REPORT TO THE MEMBERS OF CANTOR FITZGERALD (GILTS) LIMITED (formerly Speed (288) Limited)

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 29th March 1991 and of its loss and source and application of funds for the forty four weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co

June 7, 1991

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Member
DIT International

Aberdeen, Belfast, Birmingham, Bolton, Bouremouth, Bracknell, Bristol, Cambridge, Cardiff, Coleraine, Crawley, Darford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Newport, Nottingham, Southampton and Swansea.

Principal place of business at which a list of partners' names is available:
Hill House, 1 Uno New Street, London ECAA 3TR

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

CANTOR FITZGERALD (GILTS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 24th MAY 1990 TO 29th MARCH 1991

	Notes	1991
		£
TURNOVER	2	5,993,616,100
TOTAL EXPENSES		5,994,057,697
OPERATING LOSS	3	(441,597)
Interest receivable	5	112,966
Interest payable	6	59,057
		(387,688)
Loss before gain on foreign currency translation		10,389
Gain on foreign currency translation		(377,299)
Loss on ordinary activities before taxation		95,727
Tax credit on loss on ordinary activities	7	£ (281,572)
LOSS FOR THE FINANCIAL PERIOD		0
Profit and loss account brought forward		£ (281,572)
Profit and loss account carried forward		

CANTOR FITZGERALD (GILTS) LIMIT

BALANCE SHEET AT 29th MARCH 1991

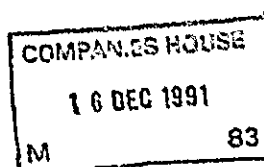
	Notes	1991
		£
FIXED ASSETS		
Tangible assets	8	439,727
CURRENT ASSETS		
Debtors	9	149,236
Cash at bank and in hand		2,703,270
		2,852,506
CURRENT LIABILITIES		
Creditors - amounts falling due within one year	10	73,805
NET CURRENT ASSETS		2,778,701
TOTAL ASSETS LESS CURRENT LIABILITIES		3,218,428
Creditors - amounts falling due after more than one year	10	1,000,000
		£ 2,218,428
CAPITAL AND RESERVES		
Called-up share capital	11	2,500,000
Profit and loss account		(281,572)
		£ 2,218,428

The financial statements were approved by the board of directors on June 7, 1991.

Michael Howard

John Kiddy

Signed on behalf of the Board of Directors.



CANTOR FITZGERALD (GILTS) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD FROM 24th MAY 1990 TO 29th MARCH 1991

	1991
	£
Loss on ordinary activities before taxation	(377,299)
Items not involving the movement of funds:	
Depreciation	113,186
TOTAL FUNDS ABSORBED BY OPERATIONS	(264,113)
FUNDS FROM OTHER SOURCES	
Subordinated loan stock	1,000,000
Share capital	2,500,000
	3,235,887
APPLICATION OF FUNDS	
Purchase of fixed assets	552,913
Taxation paid	-
NET SOURCE OF FUNDS	£ 2,682,974
Represented by:	
INCREASE/(DECREASE) IN WORKING CAPITAL	
Debtors	53,509
Creditors	(73,805)
	(20,296)
Movement in net liquid funds:	
Cash at bank and in hand	2,703,270
NET INCREASE IN WORKING CAPITAL	£ 2,682,974

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 24th MAY 1990 TO 29th MARCH 1991

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with statements of standard accounting practice issued by U.K. accountancy bodies. The particular accounting policies are described below.

a) Accounting Convention

The financial statements are prepared under the historical cost convention.

b) Foreign exchange

Profit and loss account items involving currencies other than Sterling are translated at the closing rate of exchange ruling in the month that the transaction occurred.

Monetary items in the balance sheet are translated at the rate of exchange ruling at the balance sheet date. The rate at 29th March 1991 was £1 = U.S.\$1.74. Exchange differences are taken to the profit and loss account.

c) Tangible Fixed Assets

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

Computer Equipment	15% to 22%
Motor Vehicles	25% to 33%
Office Furniture and Equipment	15% to 22%

d) Operating Leases

Annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

e) Deferred Taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM 24th MAY 1990 TO 29th MARCH 1991

2. TURNOVER

The company's income is derived from its principal activity which is acting as an inter dealer broker in Gilts.

Turnover represents the income received in respect of the sale of Gilts.

3. OPERATING LOSS

1991

£

Operating loss is stated after charging :

Depreciation of fixed assets
Auditors' remuneration

113,186

10,000

4. DIRECTORS AND EMPLOYEES

1991

£

Staff costs during the period amounted to:

Wages and salaries
Social security costs
Other pension costs

329,618

33,176

2,023

£ 364,817

The company operates a defined contribution pension scheme for certain employees. The pension cost charge represents contributions payable by the company to the scheme.

The average weekly number of persons (including directors) employed by the company during the period:

1991

Number

Direct operating

9

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM 24th MAY 1990 TO 29th MARCH 1991

4. DIRECTORS AND EMPLOYEES

The directors received no remuneration for the period.

5. INTEREST RECEIVABLE

1991

£

Bank interest

112,966

£ 112,966

6. INTEREST PAYABLE

1991

£

Interest charged by group company

59,057

£ 59,057

7. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

1991

Corporation Tax

£

UK Corporation tax at 34%

£ 95,727

The amount recoverable is in respect of group relief which is available to the company.

Deferred Taxation

There is no deferred tax provision. There is no unprovided potential deferred tax.

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM 24th MAY 1990 TO 29th MARCH 1991

8. TANGIBLE FIXED ASSETS

	Computer Equipment £	Motor Vehicles £	Equipment & Machinery £	Office Furniture £	Total £
COST					
At 24th May 1990	-	-	-	-	-
Additions	275,689	154,093	119,808	3,323	552,913
At 29th March 1991	275,689	154,093	119,808	3,323	552,913
DEPRECIATION					
At 24th May 1990	-	-	-	-	-
Charge for period	41,353	51,374	19,961	498	113,186
At 29th March 1991	41,353	51,374	19,961	498	113,186
NET BOOK VALUE					
At 29th March 1991	£ 234,336	£ 102,719	£ 99,847	£ 2,825	£ 439,727

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM 24th MAY 1990 TO 29th MARCH 1991

9. DEBTORS

	1991
	£
Amounts falling due within one year:	
Trade debtors	28,946
Other debtors	1,553
Corporation tax recoverable	95,727
Prepayments and accrued income	23,010
	£ 149,236

Trade debtors includes amounts due from counterparties of £4,879,910 and amounts due to counterparties of £4,879,558.

10. CREDITORS

	1991
	£
Amounts falling due within one year:	
Amount owed to holding company	29,968
Other creditors	7,146
Accruals and deferred income	36,691
	£ 73,805

Amounts falling due after more than one year:
Amounts owed to group companies
Subordinated loan stock

£ 1,000,000

Interest on the loan is charged each month at the Sterling LIBOR rate of Chase Manhattan Bank, London at that time.

Repayment of the loan is subject to six months notice and the permission of The Bank of England. The loan agreement was dated 1 November 1990 and the loan may not be recalled within two years from the time when the loan was first made.

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM 24th MAY 1990 TO 29th MARCH 1991

11. CALLED UP SHARE CAPITAL

1991

£

Authorised:

20,000,000 ordinary shares
of £1 each

£ 20,000,000
=====

Allotted and fully paid:

2,500,000 ordinary shares
of £1 each

£ 2,500,000
=====

The shares were issued on October 26, 1990 to provide the company with working capital.

12. PARENT COMPANIES

The immediate parent company is Cantor Fitzgerald (UK) Limited, a company incorporated in Great Britain and registered in England and Wales. The financial statements of the group are available from Companies House, Crown Way, Cardiff CF4 3UZ.

The ultimate parent company is Cantor Fitzgerald Incorporated, a company incorporated in the United States of America.