

CANTOR FITZGERALD GILTS

Report and Financial Statements

For the year ended 31 March 2000



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REPORT AND FINANCIAL STATEMENTS 2000

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DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is an unlimited company. It is regulated by the Securities and Futures Authority and is a member of the London Stock Exchange.

The company acted as an inter-dealer broker in Gilts but the business was transferred to Cantor Fitzgerald International during the year.

During the year the company issued £365,000 and also redeemed £1,568,000 of share capital as a result of changes in capital requirements.

RESULTS AND DIVIDENDS

The company made a profit of £43,000 in the financial year ended 31 March 2000 (1999 - £318,000 loss).

The directors do not recommend the payment of a dividend (1999 - nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company who held office during the year were:

Mr L Amaitis

Mr A Andreou

Mr R Falkner

Mr D B Gardner

Mr D T Gardner

(resigned 5 October 1999)

Mr M Hanney

(appointed 9 August 1999)

Mr H Lutnick

Mr S Merkel

Mr D G Moroney

(resigned 9 August 1999)

Mr C Triance

The directors had no interests in the shares of the company or in any Cantor Fitzgerald International group company at the beginning or at the end of the financial year.

YEAR 2000

Following their initial review, the directors continue to be alert to the risks and uncertainties surrounding the Year 2000 issue. As at the date of this report, the directors are not aware of any significant factors that have arisen or may arise that will affect the activities of the business; however the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors 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



Andrew Andreou
Director

30 June 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year and of the profit or loss of the company for that period. 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;
- 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 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.

AUDITORS' REPORT TO THE MEMBERS OF CANTOR FITZGERALD GILTS

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements prepared in accordance with United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

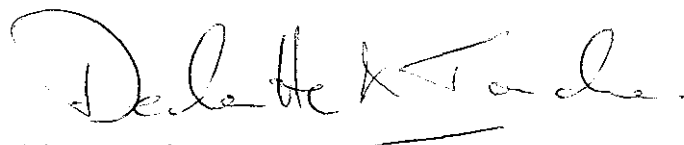
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the United Kingdom 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 at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

30 June 2000

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2000

	Note	31 March 2000 £'000	26 March 1999 £'000
TURNOVER - continuing operations	2	531	2,312
Cost of sales		(360)	(2,139)
GROSS PROFIT		171	173
Administrative expenses		(105)	(631)
OPERATING PROFIT/(LOSS) – continuing operations	3	66	(458)
Interest receivable	5	17	45
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		83	(413)
Tax on loss on ordinary activities	6	(40)	95
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		43	(318)
Profit and loss account brought forward		(157)	161
Profit and loss account carried forward		(114)	(157)

The company has no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented.

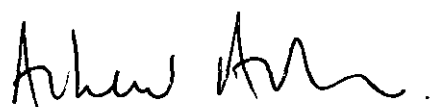
BALANCE SHEET

Year ended 31 March 2000

	Note	31 March 2000 £'000	26 March 1999 £'000
FIXED ASSETS			
Tangible assets	7	-	2
CURRENT ASSETS			
Debtors	8	-	77,096
Cash at bank and in hand		191	2,708
		191	79,804
CREDITORS: amounts falling due within one year	9	(40)	(78,495)
NET CURRENT ASSETS		151	1,309
TOTAL ASSETS LESS CURRENT LIABILITIES		151	1,311
CAPITAL AND RESERVES			
Called up share capital	10	265	1,468
Profit and loss account		(114)	(157)
TOTAL EQUITY SHAREHOLDERS' FUNDS		151	1,311

These financial statements were approved by the Board of Directors on 30 June 2000.

Signed on behalf of the Board of Directors


Andrew Andreou
Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**For the year ended 31 March 2000**

	2000 US\$'000	1999 US\$'000
Profit/(loss) for the financial year	43	(318)
Issue of shares	365	118
Redemption of shares	(1,568)	(1,231)
Net reduction in shareholders' funds	(1,160)	(1,431)
Opening shareholders' funds	1,311	2,742
Closing shareholders' funds	151	1,311

NOTES TO THE ACCOUNTS**For the year ended 31 March 2000****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies adopted are described below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Foreign exchange

Profit and loss account items and fixed assets involving currencies other than Sterling are translated at the average rates of exchange ruling in the month that the transactions occurred.

Monetary items in the balance sheet are translated at the rates of exchange ruling at the balance sheet date. Exchange 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 so as to write off the cost of tangible fixed assets over their estimated useful lives, at the following rates per annum:

Equipment and machinery	15 - 22 %
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Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing 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.

Cash flow statement

The company has not prepared a cash flow statement in accordance with FRS 1 (Revised) - Cash Flow Statements. A consolidated cash flow statement is contained in the consolidated financial statements of the immediate parent company (see note 12).

2. TURNOVER

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

Turnover represents the commission earned and is stated net of any related commission expense.

3. OPERATING PROFIT/(LOSS)

	31 March 2000 £'000	26 March 1999 £'000
Operating profit/(loss) is stated after charging:		
Depreciation of tangible fixed assets	2	19

The auditors' remuneration has been borne by Cantor Fitzgerald International for the current and preceeding years.

NOTES TO THE ACCOUNTS**For the year ended 31 March 2000****4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	31 March 2000 £'000	26 March 1999 £'000
Staff costs during the year amounted to:		
Wages and salaries	214	1,544
Social security costs	28	159
	<u>242</u>	<u>1,703</u>

The average monthly number of persons (including directors) employed by the company during the year was:

	31 March 2000 No.	26 March 1999 No.
Direct operating	<u>5</u>	<u>11</u>

The directors received no emoluments for the current or preceding years.

5. INTEREST RECEIVABLE

	31 March 2000 £'000	26 March 1999 £'000
Bank interest	17	32
Other interest	-	13
	<u>17</u>	<u>45</u>

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	31 March 2000 £'000	26 March 1999 £'000
United Kingdom tax charge at 30%	<u>40</u>	<u>95</u>

Deferred taxation

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

NOTES TO THE ACCOUNTS
For the year ended 31 March 2000

7. TANGIBLE FIXED ASSETS

	Equipment and machinery £'000
Cost	
At 27 March 1999	312
Transfer to group company	(312)
	<hr/>
At 31 March 2000	-
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Accumulated depreciation	
At 27 March 1999	310
Charge for the year	2
Transfer to group company	(312)
	<hr/>
At 31 March 2000	-
	<hr/>
Net book value	
At 31 March 2000	-
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At 26 March 1999	2
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8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2000 £'000	26 March 1999 £'000
Amounts falling due within one year:		
Trade debtors	-	76,973
Amounts owed by other group undertaking	-	43
Corporation tax recoverable	-	80
	<hr/>	<hr/>
	-	77,096
	<hr/>	<hr/>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2000 £'000	26 March 1999 £'000
Trade creditors	-	77,167
Amounts owed to parent company	-	715
Amounts owed to other group undertaking	-	14
Corporation tax	40	-
Accruals and deferred income	-	599
	<hr/>	<hr/>
	40	78,495
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS**For the year ended 31 March 2000****10. CALLED UP SHARE CAPITAL**

	31 March 2000 £'000	26 March 1999 £'000
Authorised:		
Ordinary shares of £1 each	2,432	4,000
Allotted and fully paid:		
Balance brought forward	1,468	2,581
Shares issued during year	365	118
Shares redeemed during year	(1,568)	(1,231)
265,000 (1999 - 1,468,154) ordinary shares of £1 each	265	1,468

The shares were issued and redeemed at par.

11. REGISTERED OFFICE

The registered office of Cantor Fitzgerald Gilts is One America Square, London, EC3N 2LS. The company is registered in England and Wales.

12. PARENT COMPANIES

The immediate parent company is Cantor Fitzgerald International, a company registered in England and Wales.

The ultimate parent and controlling company is Cantor Fitzgerald L.P. a limited partnership registered in the United States of America.

The company has not provided the disclosures required by FRS 8 - Related Party Transactions in respect of transactions with companies in the Cantor Fitzgerald International group as more than 90% of the voting rights of the company are controlled within the Cantor Fitzgerald International group. Consolidated financial statements in which Cantor Fitzgerald Gilts is included are publicly available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.