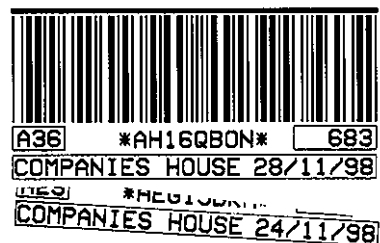


CANTOR FITZGERALD (ITALY) LIMITED
(formerly Gertleigh Limited)

Report and Financial Statements

For the period ended 27 March 1998

Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR



REPORT AND FINANCIAL STATEMENTS 1998

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CANTOR FITZGERALD (ITALY) LIMITED
(formerly Gertleigh Limited)

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the period ended 27 March 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company acts as an inter-dealer broker specialising in Italian Government Bonds and intends to continue in this activity.

It is regulated by the Securities and Futures Authority.

CHANGE OF COMPANY NAME

The company changed its name by special resolution from Gertleigh Limited to Cantor Fitzgerald (Italy) Limited on 1 April 1997.

RESULTS AND DIVIDENDS

The financial statements are presented in US dollars for consistency with the parent company.

The company made a loss of \$27,000 in the financial period ended 27 March 1998. It commenced trading on 16 February 1998.

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the period were:

Mr L Amaitis	(Appointed 1 April 1997)
Mr D G Clarke	(Appointed 1 April 1997)
Mr R Falkner	(Appointed 1 April 1997)
Mr D B Gardner	(Appointed 1 April 1997)
Mr H Lutnick	(Appointed 1 April 1997)
Mr S Merkel	(Appointed 1 April 1997)
Mr M T Saggors	(Resigned 1 April 1997)

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

YEAR 2000

The directors are in the course of assessing the risks and uncertainties associated with the year 2000 problem. The company is also undertaking a review of its counterparties and suppliers to ensure that they are able to cope with the year 2000 problem.

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



29 June 1998

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 (ITALY) LIMITED (formerly Gertleigh Limited)

We have audited the financial statements on pages 4 to 8 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. 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 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 27 March 1998 and of its loss for the period commencing 16 February 1998 to that date and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

29 June 1998

CANTOR FITZGERALD (ITALY) LIMITED
(formerly Gertlegh Limited)

PROFIT AND LOSS ACCOUNT
Period ended 27 March 1998

	Note	Period from 16 February 1998 to 27 March 1998 \$'000
TURNOVER - continuing operations	2	-
Administrative expenses		(27)
OPERATING LOSS - continuing operations	3	(27)
LOSS ON ORDINARY ACTIVITIES FOR THE FINANCIAL PERIOD BEFORE AND AFTER TAXATION		(27)
Profit and loss account brought forward		-
Profit and loss account carried forward		(27)

There are no recognised gains or losses or other movements in shareholders' funds for the current period other than as stated above.

CANTOR FITZGERALD (ITALY) LIMITED
(formerly Gertleigh Limited)

BALANCE SHEET
27 March 1998

	Note	27 March 1998 \$'000
CURRENT ASSETS		
Debtors	4	153
Cash at bank and in hand		1,000
		<u>1,153</u>
CREDITORS: amounts falling due within one year	5	<u>(180)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>973</u>
CAPITAL AND RESERVES		
Called up share capital	6	1,000
Profit and loss account		<u>(27)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>973</u>

These financial statements were approved by the Board of Directors on 29 June 1998.

Signed on behalf of the Board of Directors



CANTOR FITZGERALD (ITALY) LIMITED
(formerly Gertleight Limited)

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Period ended 27 March 1998

	1998 US\$'000
Loss for the financial year	(27)
Issue of shares	1,000
	<hr/>
Net addition to shareholders' funds	973
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	973
	<hr/>

NOTES TO THE ACCOUNTS
Year ended 27 March 1998

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Foreign exchange

Profit and loss account items and fixed assets involving currencies other than US dollars 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.

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 7).

2. TURNOVER

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

3. OPERATING LOSS

None of the directors received any remuneration during the period and the company has no employees. In addition, audit fees are borne by the immediate parent company, Cantor Fitzgerald International.

4. DEBTORS

	27 March 1998 \$'000
Amounts owed by group undertakings	100
Prepayments and accrued income	53
	<hr/> 153 <hr/>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	27 March 1998 \$'000
Amounts owed to parent company	180
	<hr/> 180 <hr/>

CANTOR FITZGERALD (ITALY) LIMITED
(formerly Gertleigh Limited)

NOTES TO THE ACCOUNTS
Year ended 27 March 1998

6. CALLED UP SHARE CAPITAL

	27 March 1998 No.'000
Authorised:	
Ordinary shares of £1 each	5,000
	<u> </u>
Allotted and fully paid:	\$'000
603,819 ordinary shares of £1 each	1,000
	<u> </u>

7. PARENT COMPANIES

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

The ultimate parent 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 (Italy) Limited is included are publicly available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.