

WorldSpreads Limited (in special administration) (“the Company”)

Chairman’s report following the initial meeting of creditors and clients held pursuant to paragraph 51(1) of Schedule B1 of the Insolvency Act 1986 on 23 May 2012

This report comprises the Chairman’s report of the conduct and outcome of the Company’s initial meeting of creditors and clients (“the Initial Meeting”) held pursuant to paragraph 51(1) of Schedule B1 of the Insolvency Act 1986 as modified by Regulation 15 of the Investment Bank Special Administration Regulations 2011.

The Initial Meeting

The Initial Meeting was held on 23 May 2012 at the Methodist Central Hall, Storey's Gate, London, SW1H 9NH, United Kingdom at 11.00 am. The Chairman of the meeting was Jane Moriarty, one of the Joint Special Administrators. Also present were Samantha Bewick, Joint Special Administrator, Charlotte Møller of Reed Smith and a quorum of both creditors and clients with claims.

The purpose of the Initial Meeting was to consider the Special Administrators’ Proposals made under Rule 59 of the Investment Bank Special Administration (England and Wales) Rules 2011 (the “Rules”) and to consider whether to establish a creditors’ committee, comprising representatives of creditors and clients.

The Initial Meeting started at 11.00 am following registration of attendees, with registration desks opening at 9.30 am. Each client and/or creditor obtained a summary of the Proposals and the relevant voting forms when they registered their attendance.

Where applicable a client’s agreed balance was taken to be the value of their claim for voting purposes. Clients whose claims have not been agreed as at the date of the Initial Meeting were advised that their claims for voting purposes would not prejudice or confirm the final value of their debt for claims agreement or distribution purposes.

The Initial Meeting began with a presentation which addressed the objectives of the special administration and the purpose of the meeting before an explanation of key actions since appointment and the current position of the special administration. The slides used during this presentation are available on the WorldSpreads Limited pages of the KPMG website at: www.kpmg.co.uk/worldspreads.

As part of the presentation, it was noted that a number of clients and creditors had put themselves forward as potential members of the creditors’ committee prior the Initial Meeting. Any client or creditor who had not put him/herself forward before the initial meeting but wished to, was invited to do so. A final list of all nominees was put to the initial meeting prior to voting on the formal resolutions.

At the conclusion of the presentation, clients and creditors were given time to ask the Special Administrators questions about their Proposals and the conduct of the special administration.

Following the question and answer session, the Chairman put the following resolutions to the initial meeting:

- **Resolution 1:** To approve the Special Administrators’ proposals;
- **Resolution 2:** To establish a creditors’ committee, by approving the appointment of a certain client or creditor to be a member of the creditors’ committee.

The outcome of the votes on the resolutions

Resolution 1: Special Administrators' Proposals

The Company's clients and creditors were asked to approve the Special Administrators' Proposals as circulated on 4 May 2012. The resolution to approve the Special Administrators' proposals was passed by both creditors and clients without modification.

The final vote was as follow:

Result Summary by Vote Value (£)	All Votes Clients	All Votes Creditors
For	3,966,224.40	426,714.81
Against	19,568.83	0.00
Total	3,985,793.23	426,714.81

Result Summary by percentage %	All Votes Clients	All Votes Creditors
For	99.51	100.00
Against	0.49	0.00
Total	100.00	100.00

Copies of the Special Administrators' Proposals are available on the WorldSpreads Limited pages of the KPMG website at: www.kpmg.co.uk/worldspreads.

Resolution 2: Establishment of creditors' committee

The Company's clients and creditors were asked to establish a creditors' committee consisting of three clients and two creditors with each respective class approving the appointment of a nominated client/creditor to be a member of the creditors' committee. Those elected to join the creditors' committee are as follow:

Creditor-elected member	Votes Received £	Client-elected member	Votes Received £
FSCS	276,197	Gareth Zarpellon	3,234,810
Kallinos Communications	28,310	Alexander Ong	109,994
		Alistair Lennard	251,511



Jane Moriarty
Joint Special Administrator of WorldSpreads Limited
Chairman of the Initial Meeting of creditors and clients

25 May 2012

Samantha Bewick and Jane Moriarty were appointed as joint special administrators of Worldspreads Limited on 18 March 2012.

The affairs, business and property of the company are being managed by the joint special administrators who contract as agents of Worldspreads Limited without personal liability.

Samantha Rae Bewick is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales. Jane Bronwen Moriarty is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Ireland.

Worldspreads Limited is authorised and regulated by the Financial Services Authority. FSA reference number 230730. Registered in England No. 04898762. Registered office: KPMG LLP, 8 Salisbury Square, London EC4Y 8BB.

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