

Company Number: 170463

ICAP EUROPE LIMITED
(FORMERLY INTERCAPITAL EUROPE LIMITED)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2005



ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)

Directors' Report for the year ended 31 March 2005

The directors present their report and the audited financial statements of the company for the year ended 31 March 2005.

PRINCIPAL ACTIVITY

The company's principal activity is moneybroking and is regulated by the Financial Services Authority.

CHANGE OF NAME

On 21 May 2004, the company name was changed from Intercapital Europe Limited to ICAP Europe Limited.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors consider the year end position to be satisfactory and do not anticipate any changes to the principal activities in the foreseeable future.

RESULTS AND DIVIDENDS

The results of the company are set out in the profit and loss account on page 4.

Interim dividends of £38,000,000 (2004: £21,500,000) were paid during the year. The directors do not recommend the payment of a final dividend (2004: £Nil). The retained loss for the year of £10,036,000 (2004: profit of £6,001,000) has been transferred to reserves.

DIRECTORS AND DIRECTORS' INTERESTS

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

D Casterton
V E Cruwys
D Gelber
J W Herbert
G MacDonald
J N Pettigrew
M A Spencer

None of the directors had any interests in the shares of the company during the year. The interests of the directors and their families in the share capital of the ultimate parent undertaking, ICAP plc, are shown in note 8 to the financial statements.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each accounting period 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 confirm that suitable accounting policies have been used and that these policies have been applied on a consistent basis. The directors also confirm that applicable accounting standards have been followed and that reasonable and prudent judgements and estimates have been made in preparing the financial statements.

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.

The directors are satisfied that the company has adequate resources to continue to operate for the foreseeable future and confirm that the company is a going concern.

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)

Directors' Report for the year ended 31 March 2005

CREDITOR PAYMENT POLICY

The company has no external trade creditors.

CHARITABLE DONATIONS

The company made charitable donations amounting to £1,091,000 during the year (2004: £937,000).

LAYING OF REPORTS AND ACCOUNTS

The company has passed an elective resolution dispensing with the requirement to lay reports and accounts before the members of the company in general meeting. However, under the provisions of section 253(2) of the Companies Act 1985 (as amended), any member of the company has the right to require this report and accounts to be laid before the members of the company in general meeting. Any member wishing to exercise this right must deposit notice at the company's registered office within 28 days of the date of this report.

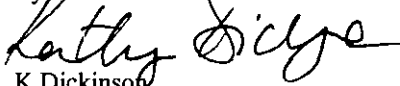
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In line with ICAP Group policy, the company intends to prepare its financial statements for the financial year ended 31 March 2006 in accordance with IFRS. Consequently the financial statements for the year ended 31 March 2005 are the last to be prepared in accordance with UK GAAP.

AUDITORS

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually. The company's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By Order of the Board



K Dickinson
Secretary

20 May 2005

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)
Independent Auditors' Report to the members of ICAP Europe Limited (Formerly Intercapital Europe Limited)

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. 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 annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

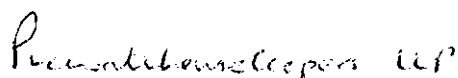
Basis of audit opinion

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 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
LONDON
20 May 2005

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)
Profit and Loss Account for the year ended 31 March 2005

	<u>Note</u>	<u>Year ended</u> <u>31/3/2005</u> £'000	<u>Year ended</u> <u>31/3/2004</u> £'000
Turnover	1(b)	167,185	153,277
Administrative expenses	4	(125,751)	(110,530)
Other operating charges	6	(33)	(379)
Operating profit		41,401	42,368
Interest receivable and similar income	9	357	115
Interest payable and similar charges	10	(277)	-
Profit on ordinary activities before taxation		41,481	42,483
Taxation on profit on ordinary activities	11	(13,517)	(14,982)
Profit on ordinary activities after taxation	18	27,964	27,501
Dividends	12	(38,000)	(21,500)
Retained (loss)/profit for the financial year	18	(10,036)	6,001

Turnover and operating profit were derived wholly from continuing operations.

The company had no recognised gains and losses for the period other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses is presented.

There is no difference between the profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above and their historical cost equivalents.

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)

Balance Sheet as at 31 March 2005

	Note	As at 31/3/2005 £'000	As at 31/3/2004 £'000
Current assets			
Debtors	13	35,876	44,694
Cash at bank and in hand	14	4,144	4,053
		<u>40,020</u>	<u>48,747</u>
Creditors: amounts falling due within one year	15	(16,327)	(15,018)
Net assets		<u>23,693</u>	<u>33,729</u>
Capital and reserves			
Called up share capital	17	22,071	22,071
Share premium account	18	646	646
Profit and loss account	18	976	11,012
Equity shareholders' funds	18	<u>23,693</u>	<u>33,729</u>

The financial statements on pages 4 to 12 were approved by the board of directors on 20 May 2005 and were signed on its behalf by:

G MacDonald)

) Directors

V E Cruwys)

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)

Notes to the financial statements for the year ended 31 March 2005

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with Accounting Standards applicable in the United Kingdom.

(b) Turnover

Turnover comprises commission and brokerage income derived from broking services supplied to third parties which is recognised on the date on which the transaction occurs.

(c) Debt provisioning

The company's bad debt policy is to make provisions for bad and doubtful debts promptly where necessary and on a prudent and consistent basis.

Provisions are made for specific debts when it is considered that the credit-worthiness of the debtor has deteriorated such that the recovery of all or part of a debt is in serious doubt. A general provision is made in respect of potential losses which are judged to be present in debtor balances at the balance sheet date, but which will not be identified as such until some time in the future. The level of the provision is based upon the previous experience of such losses in the company and is reviewed on a periodic basis. The accuracy of the provision is periodically assessed against any actual losses that have arisen.

(d) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling when the transaction is recorded.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the balance sheet date.

All exchange differences are dealt with in the profit and loss account.

(e) Deferred taxation

Deferred tax is provided in full in respect of timing differences that have originated but not reversed at the balance sheet date, except where the likelihood of a deferred tax liability crystallising in the foreseeable future is remote. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not provided on permanent differences. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recoverable. Deferred tax is not discounted.

2. SEGMENTAL INFORMATION

In the opinion of the directors the company has a single class of business which is conducted principally in the United Kingdom.

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)

Notes to the financial statements for the year ended 31 March 2005

3. CASH FLOW STATEMENT

As more than 90% of the voting rights of the company are controlled by ICAP plc which publishes a consolidated cash flow statement, the company is not required to present a cash flow statement in its own financial statements under Financial Reporting Standard 1 "Cash Flow Statements".

4. ADMINISTRATIVE EXPENSES

The company's administrative expenses, including the auditors' remuneration have been borne by other group undertakings. A management recharge of £125,751,000 (2004: £110,530,000) has been made by a fellow subsidiary undertaking.

5. STAFF COSTS

All staff costs were borne by fellow subsidiary undertakings of ICAP plc and were charged to the company by way of the group management charges referred to in note 4.

6. OTHER OPERATING CHARGES

This represents exchange differences arising on transactions in foreign currencies during the period and on the translation at the balance sheet date of assets and liabilities denominated in foreign currencies.

7. DIRECTORS' REMUNERATION

D Gelber, J N Pettigrew and M A Spencer are directors of the ultimate parent undertaking, ICAP plc, and receive no emoluments for their services to the company. Their emoluments for their services to the group are disclosed in the financial statements of ICAP plc.

Remuneration payable to the other directors in respect of their services to the company was as follows:

	<u>Year ended 31/3/2005</u>		<u>Year ended 31/3/2004</u>	
	Total	Highest paid director	Total	Highest paid director
	£'000	£'000	£'000	£'000
Aggregate emoluments	2,357	998	2,622	1,100
Contributions to defined contribution pension schemes	584	20	48	19
	<u>2,941</u>	<u>1,018</u>	<u>2,670</u>	<u>1,119</u>

As at 31 March 2005, retirement benefits are accruing to 3 directors (2004: 3 directors) under defined contribution schemes sponsored by ICAP plc.

No fees were paid to the directors in respect of services to the company during the year (2004: £Nil).

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)

Notes to the financial statements for the year ended 31 March 2005

8. DIRECTORS' INTERESTS

D Gelber, J N Pettigrew and M A Spencer are directors of the ultimate parent undertaking, ICAP plc, and their interests are disclosed in the financial statements of that company.

Other directors' interests in shares were as follows:

	<u>Ordinary shares</u>	
	<u>As at</u>	<u>As at</u>
	<u>1/4/2004</u>	<u>31/3/2005</u>
ICAP plc		
Ordinary shares of 10p each		
D Casterton	13,120	83,120
V E Cruwys	2,560	2,560
G MacDonald	300,000	400,000

Further bonus shares arise from awards to the directors under the Senior Executives Equity Participation Plan (see below for details). These interests are held in trust, however the beneficial interest lies with the individual.

Other directors' interests in options over shares were as follows:

	<u>Scheme</u>	<u>As at</u>	<u>Granted</u>	<u>Exercised</u>	<u>As at</u>	<u>Exercise Price (p)</u>
		<u>1/4/2004</u>			<u>31/3/2005</u>	
ICAP plc						
Ordinary shares of 10p each						
D Casterton	SAYE*	5,495	-	-	5,495	168.20
V E Cruwys	UESOP**	100,000	-	-	100,000	188.50
	SAYE*	5,495	-	-	5,495	168.20
J W Herbert	SAYE*	5,495	-	-	5,495	168.20

* These options were granted on 27 June 2003 under the Sharesave Scheme. Options are exercisable after 3 years from the contract start date.

** These options were granted on 17 January 2003 under the 1998 Unapproved Executive Share Option Plan (UESOP). These options are exercisable between 17 January 2006 and 16 January 2013.

Interests in options over ICAP plc ordinary shares of 10p each through Long Term Incentive Plans

ICAP plc Senior Executive Equity Participation Plan (SEEPP)

	<u>Grant</u>	<u>As at</u>	<u>Granted</u>	<u>As at</u>
		<u>1/4/2004</u>		<u>31/3/2005</u>
ICAP plc				
Ordinary shares of 10p each				
D Casterton				
Basic award	30.12.03	31,825	-	31,825
Matching award	30.12.03	31,825	-	31,825

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)

Notes to the financial statements for the year ended 31 March 2005

8. DIRECTORS' INTERESTS (CONTINUED)

The SEEPP is a long term incentive plan for directors and senior executives through which those directors and executives invest in shares of ICAP plc. Directors and senior executives were invited to waive part of their potential cash bonus in return for rights over the number of shares (Basic Award) which can be purchased with the foregone bonus at the market value of the shares in ICAP plc on the date of grant. Participants may also have been granted a provisional allocation over additional shares (Matching Award); these matching shares are transferred to the executive on a sliding scale if he / she remains in employment as follows: no shares up to three years; 40% following completion of three but less than four years; and 100% on the fourth anniversary of the date of grant.

Except as disclosed above, none of the directors in office at 31 March 2005 held any interests in the share capital of the company, its ultimate parent undertaking, ICAP plc, or any of its fellow subsidiary undertakings.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Year</u> <u>ended</u> <u>31/3/2005</u> £'000	<u>Year</u> <u>ended</u> <u>31/3/2004</u> £'000
Bank deposits	107	115
Other interest receivable	250	-
	<u>357</u>	<u>115</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>Year</u> <u>ended</u> <u>31/3/2005</u> £'000	<u>Year</u> <u>ended</u> <u>31/3/2004</u> £'000
Other interest payable	<u>277</u>	<u>-</u>

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)

Notes to the financial statements for the year ended 31 March 2005

11. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>Year ended 31/3/2005</u> £'000	<u>Year ended 31/3/2004</u> £'000
a) Analysis of charge for the period		
Current taxation:		
UK corporation tax	13,186	14,162
Adjustments to prior periods	170	981
	<u>13,356</u>	<u>15,143</u>
Deferred taxation (note 16)	161	(161)
	<u>13,517</u>	<u>14,982</u>
b) Factors affecting the taxation charge for the period		
Profit on ordinary activities before taxation	<u>41,481</u>	<u>42,483</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	12,444	12,745
Effects of:		
Expenses not deductible for tax purposes (primarily client entertainment)	900	1,271
Capital allowances in excess of depreciation	(6)	(7)
Other timing differences	(161)	153
Adjustments to prior periods	170	981
Other	9	-
	<u>912</u>	<u>2,398</u>
Current tax charge for period	<u>13,356</u>	<u>15,143</u>

12. DIVIDENDS

	<u>Year Ended 31/3/2005</u> £'000	<u>Year Ended 31/3/2004</u> £'000
Equity - £1 Ordinary shares		
Interim paid 172.2p per share (2004 97.4p per share)	38,000	21,500
	<u>38,000</u>	<u>21,500</u>

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)

Notes to the financial statements for the year ended 31 March 2005

13. DEBTORS

	<u>As at</u> <u>31/3/2005</u> £'000	<u>As at</u> <u>31/3/2004</u> £'000
Trade debtors	29,034	20,023
Amounts owed by group undertakings	6,819	24,424
Prepayments	17	86
Other debtors	6	-
Deferred taxation (note 16)	-	161
	<u>35,876</u>	<u>44,694</u>

14. CASH AT BANK AND IN HAND

The balance includes £3,471,000 (2004: £3,900,000) which is held in trust. The use of this cash is restricted.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>As at</u> <u>31/3/2005</u> £'000	<u>As at</u> <u>31/3/2004</u> £'000
Corporation tax	15,392	14,788
Other creditors	272	21
Accruals and deferred income	663	209
	<u>16,327</u>	<u>15,018</u>

16. DEFERRED TAXATION

Deferred taxation provision was as follows:

	<u>Provided</u>		<u>Unprovided</u>	
	<u>As at</u> <u>31/3/2005</u> £'000	<u>As at</u> <u>31/3/2004</u> £'000	<u>As at</u> <u>31/3/2005</u> £'000	<u>As at</u> <u>31/3/2004</u> £'000
Remuneration provisions disallowed	<u>-</u>	<u>161</u>	<u>-</u>	<u>-</u>

17. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/3/2005</u> £'000	<u>As at</u> <u>31/3/2004</u> £'000
Authorised:		
23,000,000 Ordinary shares of £1 each	<u>23,000</u>	<u>23,000</u>
Allotted and fully paid:		
22,071,000 Ordinary shares of £1 each	<u>22,071</u>	<u>22,071</u>

ICAP EUROPE LIMITED (FORMERLY INTERCAPITAL EUROPE LIMITED)

Notes to the financial statements for the year ended 31 March 2005

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share capital</u> (note 17) £'000	<u>Share premium account</u> £'000	<u>Profit and loss account</u> £'000	<u>Total</u> £'000
As at 1 April 2004	22,071	646	11,012	33,729
Profit for the financial year	-	-	27,964	27,964
Dividends	-	-	(38,000)	(38,000)
As at 31 March 2005	<u>22,071</u>	<u>646</u>	<u>976</u>	<u>23,693</u>

19. RELATED PARTY TRANSACTIONS

As more than 90% of the voting rights of the company are controlled by ICAP plc which publishes consolidated financial statements, no disclosure is required under Financial Reporting Standard 8 "Related party disclosures" of any transactions between the company and the other members, associates or joint ventures of the group of undertakings headed by ICAP plc.

20. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Godsell, Astley and Pearce (Holdings) Limited, which does not prepare consolidated financial statements.

The company's ultimate parent undertaking is ICAP plc, which heads the smallest and largest group of undertakings of which the company is a member that prepares consolidated financial statements. Copies of the consolidated financial statements of ICAP plc can be obtained from the Company Secretary, ICAP plc, 2 Broadgate, London, EC2M 7UR.