Company Number: 1423001

INTERCAPITAL PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2006

INTERCAPITAL PLC
Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 March 2006.

PRINCIPAL ACTIVITY

The company is an investment holding company and it is not anticipated that the company's activities will change in the foreseeable future.

The company is incorporated and domiciled in the United Kingdom. The registered office is 2 Broadgate, London, EC2M 7UR.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors consider that the year end financial position was satisfactory and do not anticipate any changes to the principal activities.

RESULTS AND DIVIDENDS

The results of the company are set out in the income statement on page 4. During the year, the company paid an ordinary dividend of £42,767,201 (2005: £66,265,000) and a preference dividend of £70,289 (2005: £600,833).

SHARE CAPITAL

On 25 April 2005 the company redeemed all the preference shares of US$10 each in issue. On the same day, the company increased the authorised ordinary share capital from 490,000,000 to 576,606,938 ordinary shares of 25p each and issued 208,658,927 ordinary shares of 25p each to ICAP plc.

FINANCIAL RISK MANAGEMENT

The company's risk profile and financial risk management policies are disclosed in note 2 to the financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 April 2005 the company adopted International Financial Reporting Standards ("IFRS") for consistency with its ultimate parent company, ICAP plc. Previously the financial statements had been prepared in accordance with UK generally accepted accounting principals ("UK GAAP"). As a result there have been changes in the company's accounting policies and thus the results for the year ended 31 March 2005 have been restated with the exception of financial instruments. International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement", and IAS 32, "Financial Instruments: Disclosure and Presentation", have been adopted prospectively from 1 April 2005 and as permitted by IFRS 1, "First-time Adoption of International Financial Reporting Standards", the comparative information has not been restated.

Reconciliations of UK GAAP to IFRS opening balances have been disclosed in note 22.

INTERCAPITAL PLC
Directors' report

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year and thereafter were:

M A Spencer		
J M Yallop	-	Appointed 13 July 2005
D A Abrehart	-	Appointed 9 January 2006
J N Pettigrew	-	Resigned 2 June 2006
H F Broomfield	-	Resigned 9 January 2006
D Gelber	-	Resigned 13 July 2005

Directors' interests in the share capital of the company, its ultimate parent company, ICAP plc, and any of its fellow subsidiary companies are set out in note 7 to the financial statements.

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 a 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.

AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

PROVISION OF INFORMATION TO THE AUDITORS

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

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.

By Order of the Board

D A Abrehart

D Abrehart
Secretary

26/10/. 2006

INTERCAPITAL PLC
Independent auditor's report to the members of Intercapital plc

We have audited the financial statements of Intercapital plc for the year ended 31 March 2006 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland). 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2006 and of its profit and cash flows for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

26 October 2006

INTERCAPITAL PLC
Income statement for the year ended 31 March 2006

	Note	Year ended 31/3/2006 £'000	Year ended 31/3/2005 £'000
Administrative expenses	4	(24,597)	(2,560)
Other income	5	311	1,000
Operating loss		(24,286)	(1,560)
Income from investments		41,056	51,804
Impairment charge		(1,539)	(2,700)
Finance income	8	12,019	1,177
Finance costs	9	(18,386)	(2,596)
Profit before taxation		8,864	46,125
Taxation	10	11,748	1,100
Profit for the year		20,612	47,225

INTERCAPITAL PLC
Statement of changes in equity for the year ended 31 March 2006

	Note	Called up share capital £'000	Share premium reserve £'000	Retained earnings £'000	Total £'000
As at 1 April 2004		109,482	5,902	79,362	194,746
Profit for the year as restated	22			47,225	47,225
Dividends paid	19	-	-	(65,704)	(65,704)
Preference shares issued	18	20,513	-	-	20,513
Exchange adjustments on shares issued		(1,162)	-	-	(1,162)
As at 31 March 2005		128,833	5,902	60,883	195,618
Adjustment to equity upon adoption of IAS 39	22	-	-	(2,725)	(2,725)
As at 1 April 2005 as restated		128,833	5,902	58,158	192,893
Profit for the year		-	-	20,612	20,612
Dividends paid	19	-	-	(42,417)	(42,417)
Ordinary shares issued		52,783	-	-	52,783
Exchange adjustments on shares issued		(618)	-	-	(618)
Preference shares redeemed		(36,846)	-	-	(36,846)
As at 31 March 2006		144,152	5,902	36,353	186,407

INTERCAPITAL PLC
Balance Sheet as at 31 March 2006

	Note	As at 31/3/2006 £'000	As at 31/3/2005 £'000
Non-current assets			
Investments in subsidiaries	11	49,387	47,218
Investments in joint ventures	12	2,311	2,912
Other receivables	13	1,600	1,600
		53,298	51,730
Current assets			
Other receivables	13	614,991	466,275
Tax receivable		22,456	15,872
Derivative financial instruments	14	1,423	-
Cash and cash equivalents	15	54,114	2,874
		692,984	485,021
Total assets		746,282	536,751
Current liabilities			
Other payables	16	(429,602)	(341,133)
Derivative financial instruments	14	(1,587)	-
		(431,189)	(341,133)
Non-current liabilities			
Long term borrowings	17	(128,686)	-
Total liabilities		(559,875)	(341,133)
Net assets		186,407	195,618
Equity			
Called up share capital	18	144,152	128,833
Share premium account		5,902	5,902
Retained earnings		36,353	60,883
Total equity		186,407	195,618

26/10/06

The financial statements on pages 4 to 25 were approved by the board of directors on … and were signed on its behalf by:

J M Yallop
Director

INTERCAPITAL PLC

Cash Flow Statement for the year ended 31 March 2006

	Year ended 31/3/2006	Year ended 31/3/2005
	£'000	£'000
Cash flows from operating activities		
Profit before taxation	8,864	46,125
Adjustments for:		
Amortisation and impairments	1,714	2,700
Net finance costs	6,367	1,419
Income from subsidiary companies	(41,056)	(51,804)
Increase in other receivables	(118,532)	(20,171)
Increase in other payables	33,499	(8,393)
Profit on disposals	-	(900)
	(109,144)	(31,024)
Cash flows from investing activities		
Interest received from third parties	4,687	532
Dividend received	13,438	13,054
Acquisition of interests in businesses - subsidiaries	(2,322)	(3,245)
Acquisition of interest in businesses – joint ventures	(785)	(1,486)
Disposal of investments	-	3,621
	15,018	12,476
Cash flows from finance activities		
Interest paid	(4,458)	(40)
Preference dividend paid	(70)	-
Private placement funds	124,764	-
Share capital redeemed	(31,820)	-
Shares issued	52,783	20,513
	141,199	20,473
Foreign exchange adjustments	4,167	(1,162)
	51,240	763
Net cash and cash equivalents at beginning of year	2,874	2,111
Net cash and cash equivalents at end of year	54,114	2,874

INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2006

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and under the historical cost convention as modified by the revaluation of other and trading investments.

On 1 April 2005 the company adopted International Financial Reporting Standards ("IFRS"), as adopted by the European Union, for consistency with its ultimate parent company, ICAP plc. Previously the financial statements had been prepared in accordance with UK generally accepted accounting principles ("UK GAAP"). As a result there have been changes in the company's accounting policies and thus the profit and net assets for the year ended 31 March 2005 have been restated with the exception of financial instruments. International Accounting Standard ("IAS") 39, "Financial Instruments: Recognition and Measurement", and IAS 32, "Financial Instruments: Disclosure and Presentation", have been adopted prospectively from 1 April 2005 and as permitted by IFRS 1, "First-time Adoption of International Financial Reporting Standards", the comparative information has not been restated.

The impact of the adoption of IFRS on the profit and net assets of the company is not significant. Reconciliations of UK GAAP to IFRS balances have been disclosed in note 22.

The company has exercised its entitlement not to produce consolidated financial statements since consolidated financial statements have been prepared by its ultimate parent company (note 21).

(b) Taxation

Tax on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior periods. Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the amounts charged or credited for tax purposes. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(c) Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are taken to the income statement, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to reserves. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

(d) Borrowing costs

All borrowing costs are expensed as finance costs in the income statement using the applicable effective interest rate.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(e) Investments in subsidiaries and joint ventures

Investments comprise equity shareholdings and other interests. These investments are recorded at historical cost less provision for any impairment in their values. Dividend income is recognised upon declaration and interest when receivable.

A subsidiary is an entity over which the company has control. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A joint venture is an entity in which the company has an interest and, in the opinion of the directors, exercises joint control over its operating and financial policies. An interest exists where an investment is held on a long-term basis for the purpose of securing a contribution to the company's activities.

(f) Impairment of assets

An impairment review of the recoverable amounts of assets is undertaken at each balance sheet date or when such events or changes in circumstances indicate that an impairment loss may have occurred. Impairment losses are recognised in the income statement except where the asset was previously revalued. For revalued assets the loss is recognised directly against any revaluation surplus with the surplus being recognised in the income statement.

(g) Derivative financial instruments and hedging

The company uses various derivative financial instruments as hedges to reduce exposure to foreign exchange and interest rate risk on behalf of the whole ICAP plc group. These can include forward foreign exchange contracts, currency options and cross currency and interest rate swaps. Under IAS 39, which the company adopted prospectively from 1 April 2005, all derivative financial instruments are initially recognised on the balance sheet at their fair value adjusted for transaction costs. The comparatives which have been presented in accordance with UK GAAP, do not recognise derivative financial instruments in the balance at fair value when they are hedging a defined financial risk.

The fair value of derivative financial instruments is determined by appropriate valuation techniques as permitted by IAS 39, including discounted cash flow analysis and the Black-Scholes pricing model.

Although a number of the derivative financial instruments are designated as hedges in the context of IAS39 on a consolidated group basis, it is the company's policy not to hedge account and all gains and losses on derivative financial instruments are recognised immediately in the income statement of the company.

(h) Cash and cash equivalents

Cash equivalents includes all investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, having it has a maturity of three months or less from the date of acquisition.

(i) Long-term borrowings

Long-term borrowings are initially recognised at fair value, being their issue proceeds net of transaction costs incurred. At subsequent reporting dates long-term borrowings are held at amortised cost.

(j) Share capital

Ordinary and non-mandatory redeemable preference shares are classified as equity. Dividends are recognised as deductions from retained earnings in the period in which they are declared.

2. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The overall financial risk management framework, strategy and policies of the company are determined by the board of its ultimate parent company, ICAP plc (the "Group"). It does this through two board committees, the Group Risk and Treasury Committees, and also by regional and market risk committees. The company does not mange its own financial risk framework.

(i) Market risk

Foreign exchange risk
The company is exposed to both transactional and translational fluctuations in the value of financial instruments due to exchange rate movements.

Transactional exposure arises from remittance of funds in currencies other than the company's functional currency (sterling), principally United States dollars and euros.

The company acts in accordance with instructions from the Group Risk and Treasury Committees to hedge the Group's transactional foreign exchange exposures using derivative financial instruments such as swaps, forward contracts and options. The company does not hedge its own transactional exposure.

The table below summarises the company's exposure to concentrations of foreign currencies as at 31 March 2006:

	US$	€	SNG$	HK$	CHF
	£m	£m	£m	£m	£m
Assets					
Due from group companies	127,536	1,398	593	3,349	-
Cash and cash equivalents	9,972	4	-	-	-
Liabilities					
Due to group companies	(9,323)	(9,980)	(4,353)	-	(2,813)
Long-term borrowings	(128,686)				
Net exposure	(501)	(8,578)	(3,760)	3,349	(2,813)

Price risk
The company's activities do not expose it to price risk.

Interest rate risk
The company's interest rate risk arises from cash and cash equivalents and loans where changes in market rates can have an impact on cash flows and profit for the year.

Interest rate risk is monitored at a Group level by the Treasury Committee. In terms of cash and other interest bearing investments, the company must comply with the Group Investment Policy.

Limits are in place to restrict the amount that can be invested in one institution and all investments must be credit rated AA or above and be for less than 18 months, unless approved by the Committee. As at 31 March 2006 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months (2005: £nil) except for long term loans, see note 17 .

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

The table below gives an indication of the interest rate profile of the financial assets and liabilities of the company as at 31 March 2006.

	Fixed rate £'000	Variable rate £'000
Financial assets		
Sterling	-	45,655
US dollars	122,160	9,971
Euro	-	1,092
	122,160	56,718
Financial liabilities		
Sterling	(119,718)	(24,775)
US dollars	(111,265)	(24,463)
Euro	(538)	(9,442)
Swiss francs	-	(2,812)
Singapore dollars	-	(3,346)
New Zealand dollars	-	(548)
	(231,521)	(65,386)

Assets and liabilities with fixed rates represent loan notes issued by the company (see note 17) and loans to fellow group companies. Variable interest rates are usually based upon the relevant currency LIBOR rates, or national bank base rates.

(ii) *Credit risk*

Credit risk arises from the potential that a counterparty is unable or unlikely to perform on an obligation resulting in a loss for the company. The company is exposed to concentrations of credit risk in amounts due from group companies (note 13). The Group policy is to limit exposure by netting balances. All group companies are party to a netting agreement.

(iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed credit. This is important to ensure that the company can meet all present and future financial obligations as they fall due and comply with regulatory requirements. The Treasury Committee monitors free cash resources ensuring that all companies within the Group maintain sufficient resources to finance their operations and that all investments comply with the Group Investment Policy. This dictates borrowing and investing limits based on an institutions credit rating and the nature of financial instruments that can be held. Overall the company's exposure to liquidity risk is not significant.

(iv) *Fair value*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction. The fair values of financial instruments are determined as per the company's accounting policies above. As at 31 March 2006 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value.

3. KEY ACCOUNTING JUDGEMENTS

The company makes various judgements in applying its accounting policies and various assumptions and estimates when determining the carrying value of certain assets and liabilities. As at 31 March 2006 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements, or a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

4. ADMINISTRATIVE EXPENSES

Administrative expenses includes the following charges/(credits):

	Year ended 31/3/2006 £'000	Year ended 31/3/2005 £'000
Exchange adjustments	3,889	(3,574)
Management recharges receivable	(4,802)	(14,559)
Management recharges payable	24,130	20,000

5. OTHER INCOME

	Year ended 31/3/2006 £'000	Year ended 31/3/2005 £'000
Profit on disposal of investments	58	900
Other income	253	100
	311	1,000

6. DIRECTORS' REMUNERATION

The directors received no remuneration in respect of their services as directors of the company.

7. DIRECTORS' INTERESTS

None of the directors held interests in the share capital of the company.

J M Yallop, J N Pettigrew and M A Spencer were directors of the company's ultimate parent, ICAP plc, during the year, and their interests are disclosed in that company's financial statements.

D A Abrehart had no interests in the share capital of the ultimate parent company, ICAP plc or any of its subsidiaries.

8. FINANCE INCOME

	Year ended 31/3/2006 £'000	Year ended 31/3/2005 £'000
Interest receivable and similar income		
Bank interest	3,602	60
Interest from group companies	2,068	224
Other interest	71	893
	5,741	1,177
Other finance income		
Fair value gains on derivative financial instruments	6,278	-
	12,019	1,177

9. FINANCE COSTS

	Year ended 31/3/2006 £'000	Year ended 31/3/2005 £'000
Interest payable and similar costs		
Bank interest	140	631
Long term loans	5,626	-
Interest to group companies	7,719	1,965
	13,485	2,596
Other finance costs		
Fair value losses on derivative financial instruments	4,901	-
	18,386	2,596

10. TAXATION

	Year ended 31/3/2006 £'000	Year ended 31/3/2005 £'000
Current taxation credit		
UK corporation tax		
- Current tax	11,778	987
- Adjustment to prior years	(30)	113
	11,748	1,100

10. TAXATION (CONTINUED)

The company's tax credit for the year exceeds the UK statutory rate and can be reconciled as follows:

	Year ended 31/3/2006 £'000	Year ended 31/3/2005 £'000
Profit before taxation	8,864	46,125
Tax on profit at the standard rate of Corporation Tax in the UK of 30% (2005: 30%)	2,660	13,838
Impairment of investment	461	810
Expenses not deductible for tax purposes	-	(94)
Income from investments	(12,315)	(15,541)
Adjustment in respect of previous years	30	(113)
Profits not taxable	(17)	-
Tax on private placement	(2,567)	-
	(11,748)	(1,100)

11. INVESTMENTS IN SUBSIDIARY COMPANIES

	2006 £'000	2005 £'000
As at 1 April	47,218	46,717
Additions	2,322	3,245
Impairment charge	(1,539)	(2,700)
Transfer from/(to) joint ventures	1,386	(44)
As at 31 March	49,387	47,218

During the year ended 31 March 2006, the company acquired Activ Trading Limited for the sum of £1,538,678. The investment was subsequently written down and the business disposed of.

In addition, the company acquired 100% of the issued ordinary share capital of Intercapital CP Investments Limited for a consideration of £39,568. The subsidiary is an investment holding company incorporated in the United Kingdom.

During the year ended 31 March 2006, the company increased its shareholding in KIDB ICAP – Foreign Exchange Brokerage Corporation Limited from 40% to 55% for a consideration of £744,000. This investment was consequently reclassified from investments in joint ventures to investments in subsidiaries.

INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2006 (continued)

11. INVESTMENTS IN SUBSIDIARY COMPANY (CONTINUED)

At 31 March 2006, the company's principal subsidiary companies were as follows:

	Name	Country of incorporation	Percentage held‡ (%)
*	Exco International plc	England & Wales	100.00
*	ICAP WCLK Limited	England & Wales	100.00
*	T & M Securities Limited	England & Wales	100.00
*	ICAP Energy Limited	England & Wales	100.00
*	ICAP Management Services Limited	England & Wales	100.00
*	ICAP SPV Ltd	England & Wales	100.00
*	Intercapital CP Investments Limited	England & Wales	100.00
*	KIDB-ICAP Co., Limited	Korea	55.00
	ICAP Europe Limited	England & Wales	100.00
	Exotix Limited	England & Wales	72.00
	Exotix Investments Limited	England & Wales	60.00
	Harlow (London) Limited	England & Wales	100.00
	ICAP Scandinavia A/S	Denmark	100.00
	ICAP Australia Pty Limited	Australia	100.00
	ICAP AP (Singapore) Pte Limited	Singapore	100.00
	ICAP-Nittan Pte Limited	Singapore	100.00
	ICAP (Hong Kong) Limited	Hong Kong	100.00
	ICAP New Zealand Limited	New Zealand	80.00
	FCB-Harlow Butler Pty Limited	South Africa	65.09

‡ The percentage held represents the percentage of issued share capital held (all classes).

* The paid up share capital of these subsidiary companies is held by or on behalf of the company. The paid up share capital of all the other subsidiaries is held by or on behalf of subsidiaries.

All subsidiaries are involved in derivatives and money broking, commodities broking, energy broking, securities broking or service activities relating to those businesses, have a 31 March year end, and operate in their country of incorporation, except Exotix Limited which also operates in the USA, Argentina and Indonesia.

12. INVESTMENTS IN JOINT VENTURES

	2006 £'000	2005 £'000
As at 1 April	2,912	1,382
Additions	785	1,486
Transfer (to)/from subsidiaries	(1,386)	44
As at 31 March	2,311	2,912

During the year ended 31 March 2006, the company increased its shareholding in KIDB-ICAP Co., Limited from 40% to 55%. This investment was consequently reclassified from investments in joint ventures to investments in subsidiaries.

During the year the company purchased 270,000 junior redeemable non-cumulative preference £1 shares and 500,000 senior non-cumulative preference £1 shares in ICAP Hyde Limited, issued at par.

12. INVESTMENTS IN JOINT VENTURES (CONTINUED)

At 31 March 2006, the company's principal joint ventures were as follows:

Name	Country of incorporation	Percentage held (%)
TFS-ICAP Limited	England & Wales	22.50
ICAP Hyde Limited	England & Wales	50.00*

* The company owns 100% of the senior redeemable preference share capital of ICAP Hyde Limited.

Joint ventures are involved in derivatives, money or commodities broking and operate in their country of incorporation.

13. OTHER RECEIVABLES

	As at 31/3/2006 £'000	As at 31/3/2005 £'000
Non-current		
Amounts due from subsidiary companies	1,600	1,600
Current		
Amounts due from parent company	-	17,367
Amounts due from subsidiary companies	403,894	357,382
Amounts due from fellow subsidiary companies	209,651	88,500
Amounts due from joint ventures	830	700
Other debtors	616	2,326
	614,991	466,275

Amounts owed by group companies include interest bearing loans, all of which are repayable on demand, except for £1,600,000 which is due after more than one year.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31/3/2006 £'000	As at 31/3/2005 £'000
Assets		
Fair value of foreign exchange contracts	1,423	-
Liabilities		
Fair value of foreign exchange contracts	(1,587)	-

15. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include:

	As at 31/3/2006 £'000	As at 31/3/2005 £'000
Cash at bank	54,114	2,874

Unless disclosed in the cash flow statement, interest receivable, interest payable and dividends received and paid are settled by netting related party balances.

16. OTHER PAYABLES

	As at 31/3/2006 £'000	As at 31/3/2005 £'000
Amounts owed to parent company	119,718	-
Amounts owed to subsidiaries	265,662	284,302
Amounts owed to fellow subsidiaries	41,985	56,092
Amounts due to joint ventures	500	500
Accruals and deferred income	1,606	121
Other creditors	131	118
	429,602	341,133

Amounts due to group companies include non-interest bearing loans, all of which are repayable within one year.

17. LONG TERM BORROWINGS

	As at 31/3/2006 £'000	As at 31/3/2005 £'000
Loan notes	128,686	-

On 28 June 2005, the company issued US$225m of ten-year loan notes. The borrowing includes US$193m of fixed rate debt at 5.84% which the company has the option to repay after five years and a US$32m floating rate component that can be repaid after two years. The fair value of this option is recognised as £nil.

The carrying value includes £1,028,393 of unamortised issue costs.

The fair value of the loan is £129.2m.

18. CALLED UP SHARE CAPITAL

	As at 31/3/2006 £'000	As at 31/3/2005 £'000
Authorised:		
576,606,938 (2005: 490,000,000) Ordinary shares of 25p each	144,152	122,500
10,000,000 Preference shares of US$10 each	57,650	52,921
	201,802	175,421
Allotted and fully paid:		
576,606,938 (2005: 367,948,011) Ordinary shares of 25p each	144,152	91,987
Nil (2005: 6,962,737) Preference shares of US$10 each	-	36,846
	144,152	128,833

On 25 April 2005 the company redeemed all the preference shares of US$10 each in issue. On the same day, the company increased the authorised ordinary share capital from 490,000,000 to 576,606,938 ordinary shares of 25p each and issued 208,658,927 ordinary shares of 25p each to ICAP plc.

The preference shares are a separate class of share with the right, in priority to any payment by way of dividend to the holders of any other class of shares of the company, to receive a non-cumulative preferential dividend from profits available for distribution. The preferential dividend is calculated in respect of each paid up preference share in issue on 31 March in each year at a rate equivalent to the average daily LIBOR rate for the US dollar for the year preceding 31 March, plus 0.3%.

The company has the right to redeem the preference shares in issue and outstanding on any date by giving the holders notice, in writing, of the redemption on the date specified in such notice. The amount paid on each preference share redeemed shall be the amount paid or credited as paid up together with any arrears of preferential dividends.

On a return of capital on winding-up, the holders of the preference shares are entitled, in priority to any payment to the holders of any other class of shares of the company, to the repayment of a sum equal to the nominal amount paid up on the preference shares held by them, together with a sum equal to all arrears of the preferential dividends which have been declared and become payable.

Preference shareholders are entitled to vote on a resolution at a general meeting of the company, each holder present is entitled to one vote and on a poll, each holder present is entitled to one vote in respect of each fully-paid preference share registered in the holders name.

19. DIVIDENDS

	As at 31/3/2006 £'000	As at 31/3/2005 £'000
Dividends in respect of ordinary shares		
Interim dividend paid of 7.42p per share (2005: 7.82p per share)	42,767	66,265
Dividends in respect of preference shares		
Dividend paid	70	601
Revaluation of preference shares	(420)	(1,162)
	42,417	65,704

20. GUARANTEES AND CONTINGENT LIABILITIES

As at 31 March 2006 the company was party to the following guarantees and indemnities:

(a) The company guarantees in conjunction with ICAP United, Inc, the lease of office space for the group's USA operations. At the date of execution, 10 November 2005, the value of the guarantees totalled US$943,159.

(b) On 11 February 2003, the company issued an indemnity to Marc Kipfer and Hans Peter Schwald as directors of Intercapital CMS (Switzerland) Limited, a subsidiary company.

(c) The company has guaranteed £200,000 to Natwest Bank plc to cover the group's travel scheme credit card.

(d) The company has issued a letter of company for SNG$10,000,000 regarding ICAP Financial Products Pte Limited and guaranteed the liquidity of ICAP AP (Singapore) Pte Ltd, both subsidiary companies, to the Monetary Authority of Singapore.

(e) The company has given a guarantee to HSBC Bank plc for US$5,000,000 for acting as the clearing agent of ICAP AP (Singapore) Pte Ltd.

(f) The company, in conjunction with fellow subsidiary companies of ICAP plc, guarantees to Lloyds TSB Bank plc, HSBC Bank plc, The Royal Bank of Scotland plc, and JPMorgan Chase Bank the group's three year revolving credit facility of £30,000,000.

(g) The company guarantees, in conjunction with other group companies, the US$50,000,000 364 day bank facility available to the US Group.

(h) The company has given a counter-indemnity to Lloyds TSB Bank plc in respect of the bank's guarantee to Clearstream for €3,000,000.

(i) The company has provided letters of support to certain fellow subsidiary companies that confirm its intention to provide additional funds to those companies where necessary to enable them to meet their liabilities as and when they fall due. It is not expected that any claims under these letters of support will have a material, adverse effect on the company's results or net assets.

INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2006 (continued)

21. RELATED PARTY TRANSACTIONS

Parent company

The company's immediate and ultimate parent company is ICAP plc, which is incorporated in the United Kingdom and heads the smallest and largest group of companies ("Group") of which the company is a member. ICAP plc prepares consolidated financial statements in accordance with IFRS and copies can be obtained from the Company Secretary, ICAP plc, 2 Broadgate, London, EC2M 7UR.

Related party transactions

During the year ended 31 March 2006, the company entered into the following transactions with related parties who are members of the group:

	Interest income £'000	Interest expense £'000	Income from management services provided £'000	Costs of management services received £'000
Parent company	-	(6,312)	-	-
Fellow subsidiary companies	1,955	(919)	4,802	-
Subsidiary companies	113	(488)	-	(24,130)
	2,068	(7,719)	4,802	(24,130)

During the year ended 31 March 2005, the company entered into the following transactions with related parties who are members of the group:

	Interest income £'000	Interest expense £'000	Income from management services provided £'000	Costs of management services received £'000
Parent company	-	-	-	-
Fellow subsidiary companies	96	(632)	14,559	-
Subsidiary companies	128	(1,333)	-	(20,000)
	224	(1,965)	14,559	(20,000)

All Group companies are party to a netting agreement. There were no balances with related parties as at 31 March 2006 and 31 March 2005 other than disclosed in notes 13 and 16.

22. RECONCILIATION OF IFRS BALANCES

Key differences between UK GAAP and IFRS

Overall the adoption of IFRS did not significantly impact the profit or net assets of the company. The key differences between UK GAAP and IFRS which resulted in adjustments to the financial statements of the company are summarised below:

(a) In accordance with IAS 1 "Presentation of Financial Statements", the company has chosen to disclose dividends paid during the year on the face of statement of changes in equity. Previously under UK GAAP they were disclosed on the face of the income statement.

(b) IAS 1 requires the inclusion of a cash flow statement in the financial statements. Under UK GAAP the company was exempt from preparing a cash flow statement.

(c) IAS 10 "Events after the Balance Sheet Date" prohibits dividends payable declared after the balance sheet date to be recognised as liabilities. Previously under UK GAAP these were accrued for.

(d) IAS 32 and IAS 39 require all derivative financial instruments to be recognised on the balance sheet and carried at fair value. For those derivatives not meeting the criteria for hedge accounting, deemed held at fair value through the income statement, all fair value gains and losses have been taken to retained earnings as at 1 April 2005.

UK GAAP to IFRS reconciliations

Reconciliation of IFRS income statement for the year ended 31 March 2005:

	UK GAAP year ended 31/3/2005 £'000	Exchange adjustments on preference shares £'000	Presentational adjustments £'000	IFRS year ended 31/3/2005 £'000
Administrative expenses	(2,560)	-	-	(2,560)
Other income	1,000	-	-	1,000
Operating profit	(1,560)	-	-	(1,560)
Income from investments	51,804	-	-	51,804
Impairment charge	(2,700)	-	-	(2,700)
Finance income	1,177	-	-	1,177
Finance costs	(2,596)	-	-	(2,596)
Profit before taxation	46,125	-	-	46,125
Taxation	1,100	-	-	1,100
Profit after taxation	47,225	-	-	47,225
Dividends payable	(65,704)	(1,162)	66,866	-
(Loss)/profit for the year	(18,479)	(1,162)	66,866	47,225

INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2006 (continued)

23. RECONCILIATION OF IFRS BALANCES (CONTINUED)

IFRS balance sheet reconciliation as at 31 March 2005:

	UK GAAP balance as at 31/3/2005	Presentational adjustment	IFRS balance at 31/3/2005
	£'000	£'000	£'000
Non-current assets			
Investments in subsidiary companies	47,218	-	47,218
Investments in joint ventures	2,912	-	2,912
Other receivables	-	1,600	1,600
	50,130	1,600	51,730
Current assets			
Other receivables	483,747	(17,472)	466,275
Tax recoverable	-	15,872	15,872
Cash and cash equivalents	2,874	-	2,874
	486,621	(1,600)	485,021
Total assets	536,751	-	536,751
Current liabilities			
Other payables	(341,133)	-	(341,133)
Total liabilities	(341,133)	-	(341,133)
Net assets	195,618	-	195,618
Equity			
Called up share capital	128,833	-	128,833
Share premium reserve	5,902	-	5,902
Retained earnings	60,883	-	60,883
Total equity	195,618	-	195,618

The company has chosen to adopt IAS 32 and IAS 39 prospectively from 1 April 2005 as permitted under IFRS 1. An adjustment to recognise all derivative financial instruments at fair value as at 31 March 2005 would be needed for the comparative information to comply with IAS 32 and IAS 39.

23. RECONCILIATION OF IFRS BALANCES (CONTINUED)

IFRS balance sheet reconciliation as at 1 April 2005 showing the effect of adoption of IAS32 and IAS39:

	IFRS pre-adoption of IAS32 and IAS39 as at 31/3/2005	Recognition of derivative financial instruments	IFRS post-adoption of IAS32 and IAS39 as at 1/4/2005
	£'000	£'000	£'000
Non-current assets			
Investments in subsidiary companies	47,218	-	47,218
Investments in joint ventures	2,912	-	2,912
Other receivables	1,600	-	1,600
	51,730	-	51,730
Current assets			
Other receivables	466,275	(646)	465,629
Tax receivable	15,872	-	15,872
Derivative financial instruments	-	4,714	4,714
Cash and cash equivalents	2,874	-	2,874
	485,021	4,068	489,089
Total assets	536,751	4,068	540,819
Current liabilities			
Other payables	(341,133)	-	(341,133)
Derivative financial instruments	-	(2,080)	(2,080)
Total liabilities	(341,133)	(2,080)	(343,213)
Net assets	195,618	1,988	197,606
Equity			
Called up share capital	128,833	-	128,833
Share premium reserve	5,902	-	5,902
Retained earnings	60,883	1,988	62,871
Total equity	195,618	1,988	197,606