

Company Number: 2056541

EXOTIX LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2005



EXOTIX 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 the broking of illiquid bonds and loans on both matched principal and agency bases and the proprietary trading of these instruments. The company is regulated by the Financial Services Authority.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors consider the year end financial 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. An interim dividend of £1,000,000 (2004: £Nil) was paid during the year. The directors do not propose a final dividend (2004: £Nil). The retained profit for the year of £429,000 (2004 Restated: £1,930,000) has been transferred to reserves.

CHANGE IN ACCOUNTING POLICY

During the year the directors changed the accounting policy with regard to the valuation of Proprietary Positions held. The new policy is considered by the directors to give a true and fair view of the profit of the company for the year that holds marketable investments as current assets. The 2004 comparative results have been restated accordingly. See note 1(d) for further details.

DIRECTORS AND DIRECTORS' INTERESTS

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

P J Bartlett
D Gelber
G MacDonald

Directors' interests in the share capital of the company, its ultimate parent undertaking, ICAP plc, and any of its fellow subsidiary undertakings are set out in note 7 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 except that noted above in relation to the change in accounting policy regarding the valuation of Proprietary Positions. 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.

CHARITABLE DONATIONS

During the year the company made charitable donations of £70,000 (2004: £115,000).

EXOTIX LIMITED

Directors' Report for the year ended 31 March 2005

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.

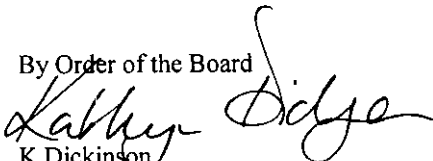
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

13 June 2005

EXOTIX LIMITED

Independent Auditors' Report to the members of Exotix Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, statement of recognised gains and losses, the cash flow statement and the related notes, which have been prepared under the accounting policies set out on pages 8 and 9.

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London, 13 June 2005

EXOTIX LIMITED

Profit and Loss Account for the year ended 31 March 2005

	<u>Note</u>	<u>Year</u> <u>ended</u> <u>31/3/2005</u> <u>£'000</u>	<u>Year</u> <u>ended</u> <u>31/3/2004</u> <u>£'000</u> <u>Restated*</u>
Turnover	1(b)	5,088	7,259
Administrative expenses	4	(3,265)	(4,572)
Operating profit		1,823	2,687
Interest receivable and similar income	8	210	131
Profit on ordinary activities before taxation		2,033	2,818
Taxation on profit on ordinary activities	9	(604)	(888)
Profit on ordinary activities after taxation	17	1,429	1,930
Dividends	10	(1,000)	-
Retained profit for the financial year		429	1,930

* Restated to take account of the change in accounting policy regarding the valuation of Proprietary Positions – see note 2.

Turnover and operating profit were derived wholly from continuing operations.

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

EXOTIX LIMITED

Statement of Total Recognised Gains and Losses for the year ended 31 March 2005

	<u>Note</u>	<u>Year</u> <u>ended</u> <u>31/3/2005</u> <u>£'000</u>	<u>Year</u> <u>ended</u> <u>31/3/2004</u> <u>£'000</u> <u>Restated*</u>
Retained profit for the financial year		429	1,930
Total recognised gains and losses relating to the year		429	1,930
Prior year adjustment	2	101	
Total gains and losses recognised since last annual report and financial statements		530	

* Restated to take account of the change in accounting policy regarding the valuation of Proprietary Positions - see note 2.

EXOTIX LIMITED
Balance Sheet as at 31 March 2005

	<u>Note</u>	<u>As at</u> <u>31/3/2005</u> <u>£'000</u>	<u>As at</u> <u>31/3/2004</u> <u>£'000</u> <u>Restated*</u>
Fixed assets			
Investments in subsidiary undertakings	11	-	-
Current assets			
Debtors	12	161	1,403
Proprietary positions	13	2,053	1,548
Cash at bank and in hand		5,555	4,994
		<u>7,769</u>	<u>7,945</u>
Creditors: amounts falling due within one year	14	(1,341)	(1,946)
Net current assets		<u>6,428</u>	<u>5,999</u>
Net assets		<u>6,428</u>	<u>5,999</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Share premium	17	32	32
Profit and loss account	17	5,396	4,967
Equity shareholders' funds	17	<u>6,428</u>	<u>5,999</u>

* Restated to take account of the change in accounting policy regarding the valuation of Proprietary Positions - see note 2

The financial statements on pages 4 to 16 were approved by the board of directors on 13 June 2005 and were signed on its behalf by:

P J Bartlett

)

) Directors

G MacDonald

)

EXOTIX LIMITED**Cash Flow Statement for the year ended 31 March 2005**

	<u>Note</u>	<u>Year ended</u> <u>31/3/2005</u> <u>£'000</u>	<u>Year ended</u> <u>31/3/2004</u> <u>£'000</u>
Net cash inflow from operating activities	18	2,025	3,033
Returns on investment and servicing of finance			
Interest received	8	210	131
Taxation			
Corporation tax paid		(674)	(473)
Equity dividends paid	10	(1,000)	-
Net cash inflow		561	2,691
Cash balance as at 1 April 2004		4,994	2,303
Cash balance as at 31 March 2005		<u>5,555</u>	<u>4,994</u>

	<u>As at</u> <u>31/3/2005</u> <u>£'000</u>	<u>As at</u> <u>31/3/2004</u> <u>£'000</u>	<u>Change</u> <u>in year</u> <u>£'000</u>
Reconciliation to net cash			
Cash at bank and in hand	<u>5,555</u>	<u>4,994</u>	<u>561</u>

EXOTIX LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

With the exception of proprietary positions which are stated at market value, (see – note 1(d)) 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.

The company has exercised its right under section 228 of the Companies Act 1985 (as amended) to dispense with the requirement to produce group accounts.

(b) Turnover

Turnover comprises:

- (i) Commission and brokerage income derived from agency and matched principal broking services supplied to third parties. To represent the substance of matched principal services provided by the company, where it acts as principal for the simultaneous purchase and sale of securities to third parties, commission income represents the difference between the consideration received on the sale of the security and its purchase.
- (ii) Trading profit from proprietary positions in illiquid bonds and loans, which is recognised on the date that it is realised.
- (iii) Unrealised profits and losses arising from the revaluation of proprietary positions, see Note 1(d).

(c) Matched principal business

The company is involved in the purchase and simultaneous commitment to sell equities and securities between third parties. All trades are settled by a fellow subsidiary undertaking, which acts as clearing agent. Further details of this arrangement can be found in note 20.

(d) Proprietary positions

In the prior year, current asset investments were valued at the lower of cost and net realisable value. In the current year there has occurred a change in accounting policy resulting in a restatement of prior year Profit and Loss account and Balance Sheet.

In the current year proprietary positions held as trading assets are stated at market value and profits and losses arising from this valuation are taken to the profit and loss account. This is not in accordance with Schedule 4 of the Companies Act 1985, which requires that such assets be stated at the lower of cost and net realisable value or that, if revalued, any revaluation differences should be taken to the revaluation reserve. The directors consider that these requirements would fail to give a true and fair view of the profit for the year for the company, which holds marketable investments as current assets, as marketability of the proprietary positions enables decisions to be taken continually about whether to hold or sell those assets, and hence the economic measure of performance in any period is properly made by reference to market values. For the effect of the adoption of this accounting policy, see note 2.

(e) 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.

EXOTIX LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Fixed asset investments

Investments in subsidiary undertakings are stated at historical cost less provision for any impairment in their values. An undertaking is regarded as a subsidiary undertaking if the company has control over its operating and financial policies.

(g) Impairment of fixed assets

Fixed assets are subject to an impairment review if there are events or changes in circumstances that indicate that the carrying value of the fixed asset may not be fully recoverable. The impairment review comprises a comparison of the net book value of the fixed asset with its recoverable amount (the higher of net realisable value and value in use). Net realisable value represents the amount at which the asset could be disposed. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre-tax basis. The carrying value of fixed assets is written down by the amount of any impairment and this loss is recognised in the profit and loss account in the year in which it occurs.

(h) Financial instruments used for hedging

Foreign exchange contracts are used to hedge foreign exchange exposures both on assets and liabilities recognised in the financial statements and forecast receipts and payments. Gains and losses on foreign currency contracts are offset against the exchange differences arising on the hedged assets and liabilities. Where a contract is a hedge against future transactions, gains and losses on the contract are deferred until the transaction is recognised in the financial statements.

(i) 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. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The results reflect the change in accounting policy (see 1(d)) regarding the valuation of proprietary positions. The effect of this change in policy has been recognised in the accounts as a prior year adjustment and comparative figures for 2004 have been restated. The effect on continuing operations of implementing this new accounting policy was to reduce operating profit for the year by £70,000 (2004 : increase £145,000), to reduce the tax charge by £21,000 (2004: increase £44,000) and to increase the value of shareholders funds at 1 April 2004 by £101,000. (see note 17)

EXOTIX LIMITED

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

3. SEGMENTAL INFORMATION

(a) Class of business

The company's turnover and profit before taxation can be segmented as follows:

	<u>Year ended 31/3/2005</u>	Profit Before tax £'000	<u>Year ended 31/3/2004</u>	Profit Before tax £'000
	Turnover £'000		Turnover £'000	
			<u>Restated*</u>	<u>Restated*</u>
Broking	4,591	1,700	5,988	2,092
Proprietary trading	497	333	1,271	726
	<u>5,088</u>	<u>2,033</u>	<u>7,259</u>	<u>2,818</u>

* Restated to take account of the change in accounting policy regarding the valuation of Proprietary Positions – see note 2.

(b) Geographical

The company's turnover and profit before taxation can be segmented as follows:

	<u>Year ended 31/3/2005</u>	Profit /(loss) Before tax £'000	<u>Year ended 31/3/2004</u>	Profit /(loss) Before tax £'000
	Turnover £'000		Turnover £'000	
			<u>Restated*</u>	<u>Restated*</u>
United Kingdom	4,869	2,047	6,917	2,736
New York and Argentina	165	22	109	(21)
Indonesia	54	(36)	233	103
	<u>5,088</u>	<u>2,033</u>	<u>7,259</u>	<u>2,818</u>

* Restated to take account of the change in accounting policy regarding the valuation of Proprietary Positions – see note 2.

4. ADMINISTRATIVE EXPENSES

The company's administrative expenses, including the auditors' remuneration have been borne by other group undertakings. A management recharge of £3,265,000 (2004: £4,572,000) has been made by a fellow subsidiary undertaking.

5. STAFF COSTS

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

EXOTIX LIMITED

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

6. DIRECTORS' REMUNERATION

D Gelber receives no emoluments for his services to the company. He is a director of the company's ultimate parent undertaking, ICAP plc, and his remuneration for his services to the group is disclosed in the financial statements of that company.

G MacDonald receives no emoluments for his services to the company. His emoluments for services to the group are disclosed in the financial statements of fellow group subsidiaries.

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 and highest paid director £'000	Total and highest paid director £'000
Aggregate emoluments	480	706
Contributions to defined contribution pension schemes	8	8
	<u>488</u>	<u>714</u>

P J Bartlett had a loan outstanding from a fellow subsidiary undertaking, Garban-Intercapital Management Services Limited at the start of the period. This loan was repaid in full by the 31 March 2005.

7. DIRECTORS' INTERESTS

D Gelber is a director of the ultimate parent undertaking, ICAP plc, and his interests are disclosed in the financial statements of that company.

Other directors' interests in shares were as follows:

	<u>As at 1/4/2004</u>	<u>As at 31/3/2005</u>
Exotix Limited		
Ordinary shares of £1 each		
P J Bartlett	350,000	300,000
	<u> </u>	<u> </u>
	<u>As at 1/4/2004</u>	<u>As at 31/3/2005</u>
Exotix Investments Limited		
Ordinary shares of £1 each		
P J Bartlett	-	350,000
	<u> </u>	<u> </u>
	<u>As at 1/4/2004</u>	<u>As at 31/3/2005</u>
ICAP plc		
Ordinary shares of 10p each		
P J Bartlett	-	6,922
G MacDonald	300,000	400,000
	<u> </u>	<u> </u>

EXOTIX LIMITED

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

7. DIRECTORS' INTERESTS (CONTINUED)

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

	<u>Scheme</u>	<u>As at 1/4/2004</u>	<u>Granted</u>	<u>As at 31/3/2005</u>	<u>Exercise Price (p)</u>
ICAP plc					
Ordinary shares of 10p each					
P J Bartlett	SAYE*	5,495	-	5,495	168.20

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

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.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Year ended 31/3/2005</u> £'000	<u>Year ended 31/3/2004</u> £'000
Bank deposits	210	131

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>Year ended 31/3/2005</u> £'000	<u>Year ended 31/3/2004</u> £'000 <u>Restated*</u>
a) Analysis of charge for the period		
Current taxation:		
UK corporation tax	508	859
Adjustments to prior periods	110	29
	618	888
Deferred taxation (note 15)	(14)	-
	604	888

EXOTIX LIMITED

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

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

b) Factors affecting the taxation charge for the period

Profit on ordinary activities before taxation	<u>2,033</u>	<u>2,818</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	610	845
Effects of:		
Expenses not deductible for tax purposes (primarily client entertainment)	7	13
Other differences not tax effected	(109)	1
Adjustment to prior periods	<u>110</u>	<u>29</u>
	8	43
Current tax charge for period	<u>618</u>	<u>888</u>

* Restated to take account of the change in accounting policy regarding the valuation of Proprietary Positions – see note 2.

10. DIVIDENDS

	<u>Year</u> <u>Ended</u> <u>31/3/2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31/3/2004</u> <u>£'000</u>
Equity - £1 Ordinary shares		
Interim paid: 100 p per share (2004: Nil p per share)	<u>1,000</u>	<u>-</u>

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	<u>Shares in</u> <u>subsidiary</u> <u>undertaking</u> <u>£</u>
Cost and net book value	
As at 1 April 2004	2
Additions	999,998
Disposals	<u>(1,000,000)</u>
As at 31 March 2005	<u>-</u>

On 18 November 2004 the company purchased 999,998 Ordinary shares of £1 each in Exotix Investments Limited.

On 18 November 2004 the company transferred its investment in Exotix Investments Limited to its Ordinary shareholders by way of a dividend in specie. This transaction is an exempt distribution for the purposes of the Taxes Act.

EXOTIX LIMITED

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

12. DEBTORS

	<u>As at</u> <u>31/3/2005</u> £'000	<u>As at</u> <u>31/3/2004</u> £'000 <u>Restated*</u>
Amounts owed by group undertakings	-	1,403
Other debtors	141	-
Prepayments and accrued income	6	-
Deferred taxation (note 15)	14	-
	<u>161</u>	<u>1,403</u>

* Restated to take account of the change in accounting policy regarding the valuation of Proprietary Positions – see note 1(d).

The debtors arising from the company's trade are collected by a fellow subsidiary undertaking. Accordingly these debts are included within balances due from group undertakings.

Other debtors includes an amount of £13,472 (2004 : £Nil) which relates to an FX Option used to hedge future US Dollar revenue streams – see note 1(h).

13. PROPRIETARY POSITIONS

The effect of the departure from Schedule 4 of the Companies act 1985 (see note 1(d)) in the current year was to decrease the carrying value of the proprietary positions by £70,000 (2004 : increase £145,000). This loss on revaluation was taken to the profit and loss account.

The company holds proprietary positions in its own right and therefore at 31 March 2005 there were no open positions held by ICAP Securities Limited (formerly Garban Securities Limited), fellow group company, on its behalf (2004: £Nil).

14. 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 <u>Restated*</u>
Amounts owed to group undertakings	496	1,018
Corporation tax	809	866
Accruals and deferred income	36	62
	<u>1,341</u>	<u>1,946</u>

* Restated to take account of the change in accounting policy regarding the valuation of Proprietary Positions – see note 2.

15. 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>14</u>	<u>-</u>	<u>-</u>	<u>-</u>

EXOTIX LIMITED**Notes to the financial statements for the year ended 31 March 2005****16. 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, allotted and fully paid: 1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share capital</u> (note 15) £'000	<u>Share Premium</u> £'000	<u>Profit and loss account</u> £'000	<u>Total</u> £'000
As reported at 1 April 2004	1,000	32	4,866	5,898
Adjustment in respect of change in accounting policy	-	-	101	101
As at 1 April 2004 - Restated*	<u>1,000</u>	<u>32</u>	<u>4,967</u>	<u>5,999</u>
Profit for the financial year	-	-	1,429	1,429
Dividends	-	-	(1,000)	(1,000)
As at 31 March 2005	<u><u>1,000</u></u>	<u><u>32</u></u>	<u><u>5,396</u></u>	<u><u>6,428</u></u>

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>Year Ended</u> <u>31/3/2005</u> £'000	<u>Year Ended</u> <u>31/3/2004</u> £'000 <u>Restated*</u>
Operating profit	1,823	2,687
Decrease/(increase) in debtors	1,256	(1,206)
(Increase)/decrease in proprietary positions	(505)	520
(Decrease)/Increase in creditors	(549)	1,032
Net cash inflow from operating activities	<u><u>2,025</u></u>	<u><u>3,033</u></u>

* Restated to take account of the change in accounting policy regarding the valuation of Proprietary Positions – see note 2.

19. GUARANTEES

The company has provided an indemnity to its Argentinian branch representing three years' rental payments (US\$72,000). This indemnity will expire on 28 February 2006.

EXOTIX LIMITED

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

20. RELATED PARTY TRANSACTIONS

During the year to 31 March 2001, the company issued shares to P J Bartlett, a director of the company. The payment for the shares was partially financed by a loan of £210,000 to the director from Garban-Intercapital Management Services Limited, a fellow subsidiary, which was made on 5 April 2000. The loan accrued interest at one per cent above the base rate of Barclays Bank plc, and was repaid in full by 31 March 2005. The balance outstanding, including accrued interest, from the director to Garban-Intercapital Management Services Limited at the year end was £nil (2004: £99,735).

The company's turnover of £5,088,000 (2004: £7,259,000) arises directly through transactions with ICAP Securities Limited (formerly Garban Securities Limited). The company is authorised to hold proprietary positions in its own right and therefore at 31 March 2005 there were no open positions held by ICAP Securities Limited on its behalf (2004: £Nil).

The company has an agreement to share revenues and costs from its proprietary trading activity with a fellow group undertaking, Exotix Investments Limited. During the year, revenues of £642,000 (2004: £840,000) were credited and costs of £395,000 (2004: £602,000) were recharged to Exotix Investments Limited.

Administrative expenses arise from management charges from fellow subsidiary undertaking Garban-Intercapital Management Services Limited. Details relating to this cost can be found in note 4. All management charges levied during the year have been paid as at 31 March 2005.

21. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Godsell, Astley & 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.