

COMPANY REGISTRATION NUMBER 2524218

INTERCAPITAL DEBT TRADING LIMITED
FINANCIAL STATEMENTS
31 MARCH 2007

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INTERCAPITAL DEBT TRADING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2007

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INTERCAPITAL DEBT TRADING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2007

| | |
|---------------------------|--|
| Board of directors | M A Spencer T A Binks |
| Company secretary | B R Ally |
| Registered office | C/O IPGL Limited Moorgate Hall 155 Moorgate London England EC2M 6XB |
| Auditors | Smith & Williamson Solomon Hare Audit LLP Chartered Accountants & Registered Auditors Oakfield House Oakfield Grove Clifton Bristol BS8 2BN |

INTERCAPITAL DEBT TRADING LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2007

PRINCIPAL ACTIVITIES

The company previously acted as an agency and matched principal broker in the LDC Debt Market

BUSINESS REVIEW

The results for the year can be seen on pages 5 and 6

DIRECTORS

The directors who served the company during the year were as follows

D P Kelly (resigned 31 August 2007)
M A Spencer

Subsequent to the year end, on 30 August 2007, T A Binks was appointed as a director

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

STATEMENT OF DISCLOSURE TO AUDITORS

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

INTERCAPITAL DEBT TRADING LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2007

AUDITORS

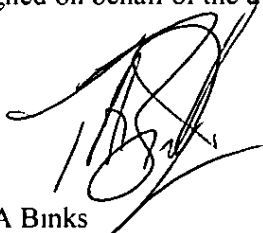
The Company's previous auditors, MRI Moores Rowland LLP, resigned on 30 June 2007

The Company's auditors, Smith and Williamson Solomon Hare Audit LLP, were appointed to report on 2 August 2007 and have indicated their willingness to continue in office. A resolution proposing their reappointment will be presented at the forthcoming Annual General Meeting

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Signed on behalf of the directors



T A Binks
Director

Date 30 January 08

INTERCAPITAL DEBT TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INTERCAPITAL DEBT TRADING LIMITED

YEAR ENDED 31 MARCH 2007

We have audited the financial statements of Intercapital Debt Trading Limited for the year ended 31 March 2007 on pages 5 to 9, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on page 7

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 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.

INTERCAPITAL DEBT TRADING LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
INTERCAPITAL DEBT TRADING LIMITED *(continued)***

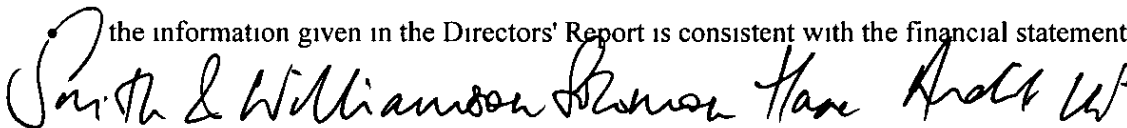
YEAR ENDED 31 MARCH 2007

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2007 and of its profit 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



SMITH & WILLIAMSON SOLOMON HARE AUDIT LLP

Chartered Accountants

& Registered Auditors

Bristol

Date



INTERCAPITAL DEBT TRADING LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2007**

| | Note | 2007 £ | 2006 £ |
|---|----------|---------------|-----------------|
| TURNOVER | | — | — |
| Administrative expenses | | 39,144 | (32,353) |
| OPERATING PROFIT/(LOSS) | 2 | 39,144 | (32,353) |
| Interest receivable | | 73 | 105 |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 39,217 | (32,248) |
| Tax on profit/(loss) on ordinary activities | 3 | (13,469) | 9,930 |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | <u>25,748</u> | <u>(22,318)</u> |

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 7 to 9 form part of these financial statements.

INTERCAPITAL DEBT TRADING LIMITED**BALANCE SHEET****31 MARCH 2007**

| | Note | 2007 £ | 2006 £ |
|---|------|------------------|------------------|
| FIXED ASSETS | | | |
| Investments | 4 | 308,839 | 308,839 |
| CURRENT ASSETS | | | |
| Debtors | 5 | 556,927 | 569,290 |
| Cash at bank | | 8,239 | 8,166 |
| | | <u>565,166</u> | <u>577,456</u> |
| CREDITORS: Amounts falling due within one year | 6 | <u>(332,710)</u> | <u>(370,748)</u> |
| NET CURRENT ASSETS | | <u>232,456</u> | <u>206,708</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>541,295</u> | <u>515,547</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 8 | 54,500 | 54,500 |
| Profit and loss account | 9 | 486,795 | 461,047 |
| EQUITY SHAREHOLDERS' FUNDS | | <u>541,295</u> | <u>515,547</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors on 30 January 08 and are signed on their behalf by



T A Binks

The notes on pages 7 to 9 form part of these financial statements.

INTERCAPITAL DEBT TRADING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

Fixed asset investments

Fixed asset investments are stated at cost less provisions for impairment in value

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. Deferred tax assets are recognised only when recovery is likely

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Group accounts

The accounts present information about the Company as an individual undertaking and not about its group. The Company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary of IPGL Limited and is included in the consolidated accounts of that Company

2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting)

| | 2007 £ | 2006 £ |
|---|-----------------|---------------|
| Directors' emoluments | — | — |
| Audit fees | — | — |
| Net (profit)/loss on foreign currency translation | <u>(44,866)</u> | <u>32,313</u> |

The directors and auditors are remunerated through the parent company

No staff were employed directly by the Company in the year

INTERCAPITAL DEBT TRADING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

3. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

| | 2007 £ | 2006 £ |
|--|---------------|----------------|
| Current tax | | |
| UK Corporation tax based on the results for the year at 30% (2006 – 30%) | 13,469 | (9,930) |
| Total current tax | <u>13,469</u> | <u>(9,930)</u> |
| Profit on ordinary activities before tax | 39,217 | (22,318) |
| Tax on profit on ordinary activities at standard rate (30%) | 11,765 | (6,695) |
| Expenses not deductible for tax purposes | 1,718 | - |
| Other timing differences | (14) | (3,235) |
| Total actual amount of current tax | <u>13,469</u> | <u>(9,930)</u> |

4. INVESTMENTS

| | £ |
|-----------------------------------|------------------|
| COST | |
| At 1 April 2006 and 31 March 2007 | <u>1,324,128</u> |
| AMOUNTS WRITTEN OFF | |
| At 1 April 2006 and 31 March 2007 | <u>1,015,289</u> |
| NET BOOK VALUE | |
| At 31 March 2007 | <u>308,839</u> |
| At 31 March 2006 | <u>308,839</u> |

The company has two subsidiaries Intercapital Emerging Markets (Asia) Limited, a 100% owned company incorporated in Hong Kong, and Intercapital Emerging Markets Inc, a 100% owned company incorporated in the USA. Neither of these companies traded during the year.

5. DEBTORS

| | 2007 £ | 2006 £ |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 547,149 | 559,512 |
| Corporation tax repayable | 9,661 | 9,661 |
| Prepayments and accrued income | 117 | 117 |
| | <u>556,927</u> | <u>569,290</u> |

INTERCAPITAL DEBT TRADING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

6. CREDITORS: Amounts falling due within one year

| | 2007 £ | 2006 £ |
|------------------------------------|----------------|----------------|
| Amounts owed to group undertakings | 319,241 | 370,748 |
| Corporation taxation | 13,469 | - |
| | <u>332,710</u> | <u>370,748</u> |

7. RELATED PARTY TRANSACTIONS

At the year end £547,149 (2006 £559,512) was owed by IPGL Limited and £319,241 (2006 £370,748) was owed to Intercapital Emerging Markets (Asia) Limited

8. SHARE CAPITAL

Authorised share capital:

| | 2007 £ | 2006 £ |
|------------------------------------|----------------|----------------|
| 100,000 Ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> |

Allotted, called up and fully paid:

| | 2007 | | 2006 | |
|----------------------------|---------------|---------------|---------------|---------------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | <u>54,500</u> | <u>54,500</u> | <u>54,500</u> | <u>54,500</u> |

9. PROFIT AND LOSS ACCOUNT

| | 2007 £ | 2006 £ |
|--------------------------------------|----------------|----------------|
| Balance brought forward | 461,047 | 483,365 |
| Profit/(loss) for the financial year | 25,748 | (22,318) |
| Balance carried forward | <u>486,795</u> | <u>461,047</u> |

10. ULTIMATE PARENT COMPANY

The immediate and ultimate controlling company is IPGL Limited, a company registered in England and Wales. Copies of the group financial statements of IPGL Limited are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ

The ultimate controlling party is M A Spencer by virtue of his majority holding and those closely related to him in the ultimate controlling company, IPGL Limited