


ITS Market Solutions Limited

Report and Financial Statements

31 May 2004

 **ERNST & YOUNG**



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COMPANIES HOUSE 13/10/04

Registered No: 04768327

Directors

J Austin
P G Hetherington
A R Mackay
C Ward

Secretary

A R Mackay

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

Friars House
157-168 Blackfriars Road
London SE1 8EZ

Directors' report

The directors have pleasure in presenting their report together with the financial statements for the period ended 31 May 2004.

Activities and state of affairs

The company was incorporated on 18 May 2003. The principal activity of the company is the development and promotion of trading software. The company commenced trading on 23 July 2003.

The directors are optimistic about the prospects for the company.

Parent undertakings

IG Markets Limited owns 60% of the share capital of ITS Market Solutions Limited. IG Group plc was the ultimate parent company until 5 September 2003 when the group was purchased by IG Group Holdings Limited.

Directors and their interests

The directors of the company who held office during the period were:

J Austin (appointed 22 July 2003)

P G Hetherington (appointed 22 July 2003)

A R Mackay (appointed 22 July 2003)

C Ward (appointed 22 July 2003)

According to the register of directors' interests, no director had any beneficial interest in the shares of the company during the period. Any beneficial interest in the shares, debentures and options of the ultimate parent company, are disclosed in the financial statements of that company.

Auditors

Ernst & Young LLP were appointed as auditors by the directors of the company.

Ernst & Young LLP will remain as Auditors of the Company in accordance with the provisions of Section 386 of the Companies Act.

On behalf of the board

Director

25 AUG 2004

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them on a consistent basis;
- make judgements and estimates that are prudent and reasonable; and
- 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 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.

Independent auditors' report

to the members of ITS Market Solutions Limited

We have audited the company's financial statements for the year ended 31 May 2004 which comprise the profit and loss account, balance sheet, reconciliation of shareholders' funds and the related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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 with the company 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.

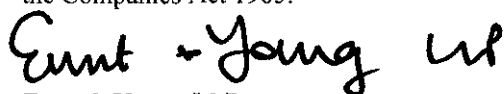
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 May 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

25 AUG 2004

Profit and loss account

for the period ended at 31 May 2004

	<i>Notes</i>	<i>2004</i> £
Administrative expenses		690
<i>Loss on ordinary activities before taxation</i>	2	690
Tax charge on profit on ordinary activities		—
<i>Loss for the financial year</i>		690
Dividends		—
<i>Retained loss for the period</i>		690

There are no recognised gains or losses other than the retained loss for the period.

Reconciliation of shareholders' funds

for the period ended at 31 May 2004

	2004 £
Loss for the financial year	690
Dividends	—
	<hr/> (690)
Issue of shares	100,000
Net addition to shareholders' funds	<hr/> 99,310
Opening shareholders' funds	—
Closing shareholders' funds	<hr/> 99,310 <hr/>

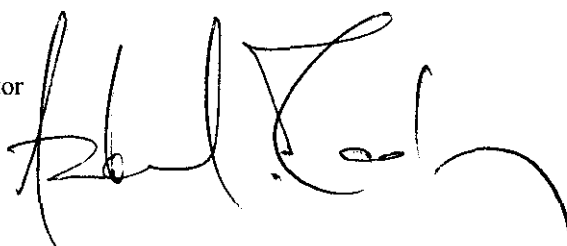
Balance sheet

as at 31 May 2004

	<i>Notes</i>	<i>2004</i> <i>£</i>
<i>Fixed assets</i>		
Tangible fixed assets	5	84,000
<i>Current assets</i>		
Debtors	6	15,310
<i>Net current assets</i>		15,310
<i>Net assets</i>		99,310
<i>Capital and reserves</i>		
Called up equity share capital	7	100,000
Profit and loss account	8	(690)
<i>Total shareholders' funds</i>		99,310

The financial statements on pages 5 to 10 were approved by the board on 25 August 2004 and signed on its behalf by:

Director



Notes to the financial statements

at 31 May 2004

1. Accounting policies

Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible Fixed assets

Tangible assets are capitalised at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Software development - over 3 years

Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard 1 not to present a cash flow statement.

2. Loss on ordinary activities before taxation

The audit fee is borne by a fellow subsidiary undertaking.

3. Information regarding director and employees

The directors received no remuneration for services to the company, and the company had no employees during the period.

4. Tax charge on profit on ordinary activities

The tax charge is made up as follows:

	2004 £
Corporation tax on profits for the period	—
	—
	—
Loss on ordinary activities before tax	690
Loss on ordinary activities multiplied by standard rate of corporation tax at 30%	207
Effect of group relief	(207)
Corporation tax on profits for the period	—

Notes to the financial statements

at 31 May 2004

5. Tangible fixed assets

	<i>Software development</i>
	£
Cost:	
Additions	84,000
At 31 May 2004	84,000
Net book value:	
At 31 May 2004	84,000

6. Debtors

	<i>2004</i>
	£
Amounts due from group companies	597
Other debtors	14,713
	15,310

7. Called up share capital

	<i>2004</i>
	£
Authorised:	
100,000 ordinary share of £1 each	100,000
60,000 A ordinary shares of £1 each	60,000
40,000 B ordinary shares of £1 each	40,000
	200,000
Allotted and called up:	
60,000 A ordinary shares of £1 each	60,000
40,000 B ordinary shares of £1 each	40,000
	100,000

The company was incorporated with share capital of 1 ordinary share of £1. During the period this share was converted into 1 A ordinary share of £1. In addition 59,999 A ordinary shares of £1 and 40,000 B ordinary shares of £1 were issued at par during the year.

The A ordinary shares and the B ordinary shares rank pari passu with the ordinary shares. They have the same voting rights, entitlement to dividends and rights in the event of the company winding up.

Notes to the financial statements

at 31 May 2004

8. Reserves

	<i>Profit and Loss account £</i>
Loss for the period	(690)
At 31 May 2004	(690)

9. Ultimate parent undertaking

IG Markets Limited is the parent company of ITS Market Solutions Limited.

The ultimate parent company is IG Group Holdings Limited whose financial statements may be obtained from Friars House, 157-168 Blackfriars Road, London, SE1 8EZ.

10. Related party transactions

During the period the company paid £84,000 for software development, on normal business terms, to Information and Trading Systems Limited, a minority shareholder.

During the period the company issued shares amounting to £60,000 to IG Markets Limited, the parent company. IG Markets Limited makes payments on behalf of the company for expenses incurred on normal business terms. At the period end the net amount unpaid by IG Markets Limited and included in debtors was £597.