INVESTORS CAPITAL TRUST PLC
(FORMERLY KNOWN AS
NEW ICT PLC)

(Registered Number SC314671)

INITIAL ACCOUNTS

(in accordance with section 273 Companies Act 1985)

FOR THE PERIOD FROM INCORPORATION

ON 15 JANUARY 2007

TO 30 SEPTEMBER 2007

INVESTORS CAPITAL TRUST PLC

Statement of Directors' Responsibilities in respect of the initial accounts

Company Law requires the Directors to prepare initial accounts prior to making any distribution in the Company's first accounting period These accounts are required to be properly prepared under s273(3) of the Companies Act 1985 and must consist of

- A balance sheet which gives a true and fair view of the state of the Company's affairs as at the balance sheet date, and
- A profit and loss account which gives a true and fair view of the Company's profit or loss for the period This requirement is met by the presentation of the total column in the Income Statement

In preparing these accounts the Directors are required to

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent, and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the initial accounts
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Group will not continue in business

The Directors are responsible for ensuring that proper accounting records are maintained, which enable them to ensure that the initial accounts comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the Company and, therefore, for taking reasonable steps for the prevention and detection of fraud and other irregularities The accounts have been prepared on a going concern basis

INVESTORS CAPITAL TRUST PLC

Report of the independent auditors to Investors Capital Trust plc under section 273(4) of the Companies Act 1985

We have audited the initial accounts of Investors Capital Trust plc for the period from 15 January 2007 to 30 September 2007 which comprise the Income Statement, Balance Sheet and the related notes 1 to 16 The initial accounts have been prepared under the accounting policies set out therein

This report is made solely to the company in accordance with Section 273(4) of the Companies Act 1985 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 for our work or for this report

Respective responsibilities of directors and auditors
As described on page 1 the Company's directors are responsible for the preparation of the initial accounts in accordance with applicable United Kingdom law and International Financial Reporting Standards

Our responsibility is to audit the initial accounts 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 initial accounts have been properly prepared within the meaning of section 273 of the Companies Act 1985

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 initial accounts It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the initial accounts, 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 initial accounts 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 initial accounts

Opinion
In our opinion the initial accounts for the period from 15 January 2007 to 30 September 2007 have been properly prepared within the meaning of section 273 of the Companies Act 1985

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Edinburgh
7 November 2007

INVESTORS CAPITAL TRUST PLC

Income Statement

	Notes	Period from incorporation on 15 January 2007 to 30 September 2007		
		Revenue Return £'000	Capital Return £'000	Total £'000
Gains on investments held at fair value through profit or loss	8		3,301	3,301
Exchange differences			60	60
Income	1	4,860	186	5,046
Investment management fee	2	(210)	(639)	(849)
Other expenses	3	(227)		(227)
Return on ordinary activities before finance costs and taxation		**4,423**	**2,908**	**7,331**
Net finance costs				
Net Interest	4	(347)	(809)	(1,156)
Finance costs		**(347)**	**(809)**	**(1,156)**
Return on ordinary activities before taxation		**4,076**	**2,099**	**6,175**
Taxation	5	(352)	352	
Return on ordinary activities after taxation		**3,724**	**2,451**	**6,175**
Return per Ordinary Share	6	2 7p	1 8p	4 5p

The total column of this statement represents the Company's profit and loss account, prepared in accordance with International Financial Reporting Standards The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies

The Company was incorporated on 15 January 2007 and commenced operations on 1 March 2007 All revenue and capital items in the above statement derive from continuing operations

The notes on pages 5 to 16 are an integral part of these statements

INVESTORS CAPITAL TRUST PLC

Balance Sheet

	Notes	As at 30 Sept 2007 £'000
NON-CURRENT ASSETS		
Investments held at fair value through profit or loss	8	147,925
Interest rate swap on bank loan		70
		147,995
CURRENT ASSETS		
Other receivables	9	2,860
Cash at bank and on deposit		19,831
		22,691
TOTAL ASSETS		**170,686**
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Other payables	10	(2,168)
		(2,168)
NON-CURRENT LIABILITIES		
Bank loan	11	(33,466)
TOTAL LIABILITIES		**(35,634)**
NET ASSETS		**135,052**
REPRESENTED BY:		
Share Capital	12	139
Share Premium	13	22
Buy Back Reserve	14	100,951
Treasury Share Reserve	14	(4,619)
Special Capital Reserve	14	33,663
Capital Reserve – realised	14	281
Capital Reserve – unrealised	14	2,240
Revenue Reserve	14	2,375
		135,052
Net Asset Value per Ordinary Share	15	100 7p

The financial statements on pages 3 to 16 were approved by the Board and authorised for issue on 7 November 2007 and were signed on its behalf by

J Martin Haldane, Director

INVESTORS CAPITAL TRUST PLC

Summary Accounting Policies

BASIS OF PREPARATION

The financial statements of the Company have been prepared on the basis of International Financial Reporting Standards ('IFRS') which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ('IASC') that remain in effect, and to the extent that they have been adopted by the European Union The disclosures within these financial statements have been limited to those required to meet the statutory requirements of s273 Companies Act 1985, requisite in respect of initial accounts prepared for a proposed distribution by a public company

The notes and financial statements are presented in pounds sterling (functional and presentational currency) and are rounded to the nearest thousand except where otherwise indicated

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year The nature of the estimation means that actual outcomes could differ from those estimates

INVESTMENTS

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value

Investments are classified as fair value through profit or loss As the entity's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are designated as fair value through profit or loss on initial recognition

Financial assets designated as at fair value through profit or loss are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted Unlisted investments, including the Company's dealing subsidiary, Investors Securities Company Limited, are valued at fair value by the Directors on the basis of all information available to them at the time of valuation Any investments held by Investors Securities Company Limited at the balance sheet date are valued at fair value

Where securities are designated upon initial recognition as fair value through profit or loss, gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item

INVESTORS CAPITAL TRUST PLC

Summary Accounting Policies (Continued)

DERIVATIVE FINANCIAL INSTRUMENTS

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise In line with the guidance published by the Association of Investment Companies, changes in the fair value of derivative financial instruments recognised in the income statement will generally be recognised through the revenue column, except where there is a clear connection between the derivative and the maintenance or enhancement of the Company's investments

CAPITAL AND RESERVES

(a)	**Capital reserve realised**	gains and losses on realisation of investments are dealt with in this reserve
(b)	**Capital reserve unrealised**	increases and decreases in the valuation of investments held are dealt with in this reserve
(c)	**Buyback reserve**	created from the Court cancellation of the share premium account which had arisen from premiums paid on the A Shares Available as distributable profits to be used for the buy back of Shares The cost of any shares bought back for cancellation is deducted from this reserve
(d)	**Treasury share reserve**	the cost of shares bought back to be held in treasury or subsequent re sale of shares from treasury is deducted from or added to this reserve
(e)	**Special capital reserve**	created from the Court cancellation of the share premium account which had arisen from premiums paid on the B Shares Available for paying capital returns on the B Shares

INCOME

(a) Dividends are recognised as income on the date that the related investments are marked ex dividend Income from fixed interest securities is accrued on an effective interest rate basis, by reference to the principal outstanding and at the effective interest rate applicable

(b) Other investment income and deposit interest are included on an accruals basis

INVESTORS CAPITAL TRUST PLC

Summary Accounting Policies (Continued)

EXPENSES

All expenses are accounted for on an accruals basis Expenses are charged through the revenue column of the income statement except where incurred in connection with the maintenance or enhancement of the value of the Company's investment portfolio and taking account of the expected long term returns as follows

- Interest payable on the term bank loan is allocated 30 per cent. to the revenue column of the income statement and 70 per cent to capital
- Management fees have been allocated 30 per cent to revenue and 70 per cent to capital, and
- Performance fees and, where the management fee is chargeable at a rate higher than 0 75 per cent per annum, that part of the management fee above 0 75 per cent , will be charged wholly to capital

FOREIGN CURRENCY

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in either the capital or revenue column of the income statement depending on whether the gain or loss is of a capital or revenue nature respectively

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax The tax currently payable is based on taxable profit for the year Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

	Period to 30 Sept 2007 £'000
1 INCOME	
Listed investments	4,252
Deposit interest	794
	5,046

During the period, income of £186,000 was recognised in capital This consisted of additional capital payments received in relation to investments transferred as part of the consideration received for the shares issued on 28 February 2007

2 INVESTMENT MANAGEMENT FEE	
Investment management fee revenue	210
capital	632
Performance fee capital	7
	849

The Company's investment manager is F&C Investment Business Limited F&C Investment Business Limited receives an investment management fee comprising a base fee and a performance fee The base fee is a management fee at 0 9 per cent per annum of the net asset value of the Company payable quarterly in arrears, subject to being reduced to 0 75 per cent if the net asset value at the end of the year is less than £1 per share The performance fee will be payable every five years, and will be 15 per cent of the amount by which the Company's net assets (adding back the capital returns paid in respect of the B Shares) outperform its benchmark, the FTSE All Share Capped 5% Index Payment of the performance fee is conditional on both the net assets at the end of the five year period being not less than £1 per share (or in marginal circumstances the performance fee will be reduced so that the net asset value remains at £1 per share), and on distributions per share having been paid in each year of the five year period that are no less (unless the Board otherwise agrees) than the distributions per share paid in respect of the first year of that period For subsequent performance fee periods, the £1 net asset trigger will be increased to the net asset value per share figure (if higher) at the end of the preceding performance fee period The performance fee is capped at a sum equal to the aggregate base fees paid over the relevant five year period All fees are exclusive of VAT

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

2. INVESTMENT MANAGEMENT FEE (CONTINUED)

The contract between the Company and F&C Investment Business Limited may be terminated at any date by either party giving six months' notice of termination, after an initial fixed period of 13 months to 31 March 2008 In the event of the Company terminating the contract by giving less than the aforementioned notice, F&C Investment Business Limited is entitled to compensation of an amount equal to the base management fee which the investment manager would have been entitled to receive if it had continued to supply services for the unexpired notice period The performance fee (and any adjustment to 0 75 per cent of the base fee) will be calculated *mutatis mutandis* as if the date of termination had been the end of the relevant period and the performance fee will be based on 15 per cent of the outperformance since the start of the performance fee period that is being cut short

3. OTHER EXPENSES

		£'000
Directors' fees		54
Auditors remuneration for	audit	16
	interim review	2
Professional and advisory fees		40
Other		115
		227

4. FINANCE COSTS

Interest on Bank Loan	1,210
Net Interest receivable on Interest Rate Swap	(54)
	1,156

5a. TAXATION

Corporation tax	—
	—

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

5b. FACTORS AFFECTING TAX CHARGE FOR THE CURRENT YEAR

	£'000
Return on ordinary activities before tax	6,175
Taxation at the UK standard rate of corporation tax (30%)	1,853
Effects of	
non taxable dividend income	(927)
non taxable capital gains	(1,008)
excess management expenses	82
Current year tax charge	

No deferred tax asset has been recognised on the unutilised management expenses of £267,000 as it is unlikely there will be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted

6. RETURN PER ORDINARY SHARE

The return per ordinary share is based on the following figures

Revenue return	£3,724,000
Capital return	£2,451,000
Total return	£6,175,000
Weighted average number of shares in issue during the period	136,799,064

7. DISTRIBUTIONS

	£'000
Amounts recognised as distributions to equity holders in the period:	
First quarter interim dividend of 1 325p per A share paid on 3 August 2007	1,349
First quarter capital return of 1 325p per B share paid on 3 August 2007	450
Proposed distributions to equity holders at the period end:	
Second quarter interim dividend of 1 325p per A share payable on 9 November 2007	1,332
Second interim capital return of 1 325p per B share payable on 9 November 2007	444

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

8. FIXED ASSETS – INVESTMENTS

		£'000
Additions at cost		192,490
Disposals	proceeds	(47,866)
	realised gain on sales	1,054
Increase in unrealised appreciation		2,247
Closing valuation at 30 September 2007		147,925
Closing book cost at 30 September 2007		145,678
Closing unrealised appreciation		2,247
Closing valuation at 30 September 2007		147,925
Listed investments		147,675
Subsidiary Undertaking		250
		147,925
Realised gains on investments		1,054
Movement in unrealised appreciation		2,247
Total gains on investments held at fair value through profit and loss		3,301

9. OTHER RECEIVABLES

Due from brokers	1,473
Accrued income	1,362
Taxation	14
Other debtors	11
	2,860

10 OTHER PAYABLES

Due to brokers	576
Loan interest	539
Loan from subsidiary undertaking	250
Management fee	357
Performance fee	7
Other creditors	439
	2,168

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

11. BANK LOAN	**£'000**
£33 5 million term loan maturing 28 September 2012	33,466

The term loan carries interest at 0 375 per cent over LIBOR, this variable rate has been fixed through an interest rate swap, which matures on 28 September 2012, and results in an effective interest rate of 5 8635 per cent per annum Interest on both the term loan and interest rate swap is payable quarterly An administration fee of £39,000 was payable on drawdown and is being amortised over the life of the loan on an effective interest rate basis

The term loan contains certain financial covenants with which the Company must comply These include a financial covenant to the effect that the percentage of the total amounts drawn down under the term loan (together with any other borrowings) should not exceed 45 per cent of the Company's qualifying investments (including cash) The Company must also ensure that at all times it holds investments in not less than 30 different companies covering not less than five different industry sectors

The Company complied with the financial covenants throughout the period

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

12. SHARE CAPITAL

As at 30 September 2007

	Authorised		Allotted, Issued And Fully Paid	
	Number	Nominal Value £	Number	Nominal Value £
A Shares of 0 1p each	225,000,000	225,000	104,124,440	104,124
B Shares of 0 1p each	75,000,000	75,000	34,708,135	34,708
	300,000,000	300,000	138,832,575	138,832

At incorporation, four subscriber shares (3 A Shares and 1 B Share) were subscribed for, fully paid, at a subscription price of £4 On 16 January 2007, 37,500,000 A Shares and 12,500,000 B Shares were each allotted, fully paid, at 0 1p each The allotment of such A and B shares was cancelled and the shares subsequently reallotted under the issue on 28 February 2007 The four subscriber shares were also cancelled

On 28 February 2007, the Company issued 35,415,875 A Shares (excluding A Shares held within Units), 11,805,280 B Shares (excluding B Shares held within Units) and 22,902,855 Units (each comprising three A Shares and one B Share) The A and B Shares were allotted at 98 386p per Share and the Units at 393 544p per Unit The total value of the assets acquired in relation to the allotment of these shares were investments with a market value of £131,872,000, cash of £3,661,000 and debtors of £1,058,000

Over the period the Company bought back to hold in Treasury 3,567,296 A Shares at a cost of £3,448,000 and 1,188,432 B Shares at a cost of £1,149,000 At 30 September 2007 the Company held 3,567,296 A Shares and 1,188,432 B Shares in Treasury

The Company has two classes of shares A Shares and B Shares The rights of each class of Shares are identical, save in respect of the right to participate in dividends and capital returns A Shares are entitled to all dividends paid by the Company and no dividends may be paid to B Shareholders B Shareholders are entitled to capital distributions from the Company at an amount per share equal to, but not exceeding, any dividend paid per share to A Shareholders

The net asset value attributable to each class of share is the same Apart from voting rights entitlements at separate class meetings, every A Share and every B Share carries equal voting rights Upon a winding up or reconstruction of the Company, each A Share and each B Share shall have an equal right to share in the residual assets of the Company

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

13. SHARE PREMIUM ACCOUNT

	£'000
Premium on A Shares issued on 1 March 2007	102,339
Premium on B Shares issued on 1 March 2007	34,113
Costs of share issue	(1,366)
Cancelled by Court to create buy back reserve	(100,951)
Cancelled by Court to create special capital reserve	(34,113)
At 30 September 2007	22

The Court of Session has confirmed the cancellation of the entire amount standing to the credit of the share premium account and the creation of two distinct reserves, the first reserve relating to that part of the cancelled share premium account arising from premiums paid on the A Shares (the "buy back reserve") and the second reserve relating to that part of the cancelled share premium account arising from premiums paid on the B Shares (the "special capital reserve")

The Company intends to apply these two reserves as follows

- the buy back reserve will be available as distributable profits to be used for the buy back of both A and B shares, and
- the special capital reserve will be used for the purpose of paying capital returns on the B Shares

14 RESERVES

Buy Back Reserve

Created on Court cancellation of share premium account	100,951
As at 30 September 2007	100,951

Treasury Share Reserve

Share buy backs for treasury	(4,619)
As at 30 September 2007	(4,619)

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

14. RESERVES (CONTINUED)	**£'000**
Special Capital Reserve	
Created on Court cancellation of share premium account	34,113
Capital distributions paid on B shares	(450)
As at 30 September 2007	33,663
Capital Reserve - realised	
Gain on sale of investments during the period	1,054
Exchange differences	137
Income recognised through capital	186
Management fees charged to capital	(639)
Finance cost charged to capital	(809)
Taxation credited to capital	352
As at 30 September 2007	281
Capital Reserve - unrealised	
Appreciation of investments during the period	2,247
Unrealised exchange differences	(77)
Movement in fair value of interest rate swap	70
As at 30 September 2007	2,240
Revenue Reserve	
Transfer from revenue column of income statement	3,724
Dividends paid on A shares	(1,349)
As at 30 September 2007	2,375

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

15. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per equity share and the net assets attributable to the equity shares were as follows

Net assets attributable	£135,052,000
Total number of A and B shares in issue	134,076,847
Net asset value per equity share	100 7p

16 VAT ON INVESTMENT MANAGEMENT FEES

The European Court of Justice ruled in June in favour of specific questions referred to it concerning UK investment trusts This decision, it is understood, has been accepted in principle by the UK Authorities although a number of procedural matters remain to be resolved The decision could result in the Company being exempt from paying VAT on its management fees No account has been taken of any repayment of VAT in these financial statements