

## Solid progress in difficult markets

London 14 November 2012 – ICAP plc (IAP.L), the world's leading interdealer broker and provider of post trade risk and information services, today announced its results for the six months ended 30 September 2012.

|  | Six months to<br>30 September<br>2012<br>£m | Six months to<br>30 September<br>2011<br>£m | Change<br>% |
|--|---|---|-------------|
| Revenue  | <b>746</b>                                  | 867   | (14)        |
| Group operating profit <sup>1</sup>            | <b>144</b>                                  | 193   | (25)        |
| Profit before tax <sup>1</sup>                 | <b>137</b>                                  | 186   | (26)        |
| Profit for the period (statutory) <sup>2</sup> | <b>50</b>                                   | 101   | (50)        |
| EPS (statutory basic)                          | <b>7.8</b>                                  | 15.4  | (49)        |
| EPS (adjusted basic) <sup>3</sup>              | <b>15.4</b>                                 | 19.6  | (21)        |
| Interim dividend per share                     | <b>6.60</b>                                 | 6.00  | 10          |

### Highlights:

- Group revenue fell to £746 million, a 14% decrease
- Profit before tax<sup>1</sup> of £137 million was down 26%
- Electronic, post trade risk and information contributed 67% of operating profit<sup>1</sup>
- On target to realise cost savings of more than £50 million in the current financial year and at least £60 million of annualised cost savings by the year end in addition to the £20 million achieved in the prior year
- Group operating profit<sup>1</sup> margin of 19% (30 September 2011 – 22%)
- EPS (adjusted basic) reduced by 21% to 15.4p; EPS (basic) reduced from 15.4p to 7.8p
- Ongoing free cash flow<sup>4</sup> of £108 million (30 September 2011 - £105 million) with free cash flow conversion of 109% (30 September 2011 – 82%)
- Interim dividend payment to shareholders 6.60p per share (30 September 2011 – 6.00p per share)

Michael Spencer, Group Chief Executive Officer, said: "This has been one of the toughest periods in my 36 year career in the wholesale financial markets. Trading volumes this year have fallen significantly across nearly all asset classes and geographies whether equities, futures, FX, commodities, fixed income and also OTC. This has been caused by a combination of factors: global economic weakness, the continuing Eurozone crisis, bank recapitalisation and deleveraging, uncertainty over regulatory reform, quantitative easing and near zero rates, to name the main ones. I do not believe this negative environment will continue indefinitely but equally I do not expect it to improve imminently. It has been a time to weather a hard storm and prepare thoroughly for financial regulatory reform.

"Against this adverse backdrop we have focused strongly on cutting fixed costs and compensation, slimming the firm to a lower expense base at the same time as focusing on how US and European regulatory reform will create big changes and big opportunities within our sector. We believe we have delivered a creditable performance in a challenging half year. The profits from our electronic division have also exceeded voice profits for the first time.

"Our cost reduction programme continues apace and we remain on track to deliver in excess of £50 million of savings this year in addition to the £20 million achieved last year.

"Importantly we have seen a very significant increase in activity on our i-Swap Euro platform as the dealers prepare for the new regulatory environment with an eight fold increase in monthly volumes since the summer low point. We intend to launch in US dollars in early 2013. We also recently launched ISDX, The ICAP Securities and Derivatives Exchange (formerly Plus Stock Exchange). Likewise the improvements in our electronic platforms and post trade services are bearing more fruit. We have seen an increase in BrokerTec's market share since the major technology upgrade earlier this year. And although it is still early days, we are pleased that the changes we have recently

made at EBS have been well received by our customers. Our post trade businesses continue to grow as we help our customers reduce risk and costs.

“In the very short term we are not anticipating any rapid improvement across our markets. However over the past several years we have carefully formulated and invested in our strategy for dealing with the implications of financial regulatory reform which we believe will be significant. As these results confirm, ICAP has successfully reengineered itself towards electronic transaction and post trade services which we believe puts us in a very good position when markets do improve.

There will be a briefing for analysts and investors at 9:00am (GMT) on Wednesday 14 November 2012 at 2 Broadgate, London EC2M 7UR. A webcast of the presentation made to analysts will be available at [www.icap.com](http://www.icap.com).

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Notes to editors:

About ICAP

ICAP is the world’s leading interdealer broker and provider of post trade risk and information services. The Group matches buyers and sellers in the wholesale markets in interest rates, credit, commodities, FX, emerging markets and equity derivatives through voice and electronic networks. It operates several electronic market places. Through our post trade risk and information services we help our customers manage and mitigate risks in their portfolios.

### Notes:

- 1 Excluding acquisition and disposal costs and exceptional items.
- 2 Statutory profit for the period after acquisition and disposal costs, exceptional items and tax.
- 3 Adjusted basic EPS is based on earnings from operations before acquisition and disposal costs and exceptional items.
- 4 Ongoing free cash flow is net cash flow from operating activities (pre-exceptional) excluding movements in restricted funds and initially unsettled items. Deductions are made for capital expenditure with dividends received from associates and investments added back.

### Review of operations

For the six months to 30 September 2012, the Group reported revenue of £746 million, 14% below the same period last year. Performance in the first half has been impacted by a number of factors including the ongoing Eurozone crisis, the London Olympics and regulatory uncertainty.

The Group reported an operating profit<sup>1</sup> of £144 million, down 25% on the prior period. The Group’s operating margin for the six months to 30 September 2012 fell by 3% to 19% attributable to the reduction in revenue from voice broking as well as a decline in electronic volumes which generate a higher incremental margin.

Profit before tax<sup>1</sup> of £137 million was £49 million or 26% down on the prior period, in line with operating profit. Profit for the period on a statutory basis was £50 million, down £51 million or 50%, after acquisition and disposal costs and tax, and reflecting the additional impact of £32 million of exceptional charges incurred during the period including £17 million of one off costs associated with the Group’s cost rationalisation programme.

As a result of the falling revenue and operating profit for the Global Broking, Electronic and Post Trade Risk and Information businesses contributed 67% of the Group’s operating profit<sup>1</sup> for the six months to 30 September 2012.

## Cost reduction programme

In light of the challenging market conditions, pre-emptive steps have been taken to reduce the overall cost base of the business and improve its flexibility including scaling back broker compensation rates and associated fixed costs. A cost saving programme was initiated in June 2012 which is expected to deliver cost savings of more than £50 million in the current financial year and annualised cost savings of at least £60 million by March 2013. These savings are in addition to the £20 million achieved last year. A key component of the cost saving programme is headcount reduction across all areas of the business. Total staff numbers have declined from 5,122 to 5,043. The overall net reduction includes the departure of 219 front office broking staff partly offset by an increase in headcount in key growth areas.

## Regulatory landscape

Regulators continue to pursue an ambitious agenda for reform. As a result the market landscape is changing, creating new opportunities for ICAP which has the scale and flexibility to adapt to the new environment. The move towards more electronic trading of derivatives, central clearing and risk mitigation for non-cleared trades are positive drivers for the business. ICAP has invested in developing the technology and platforms that will be needed to enable our customers to meet these new requirements.

In the US, CFTC rulemaking under the Dodd-Frank Act aims to be largely complete by the end of this year. Final rules for Swap Execution Facilities (SEF) and related rules are expected shortly, with implementation in 2013. The extent of cross-border application of those rules between the US and non-US markets remains to be resolved, with the international regulatory community working to address this. ICAP will be ready to launch compliant services in the US once the regulation is finalised.

In Europe, European Market Infrastructure Regulation (EMIR), which will regulate central clearing and trade repositories, will be implemented during the course of 2013. Negotiations continue on MiFID II (the Markets in Financial Instruments Regulation) which is expected to introduce a new category of trading venue in Europe, the Organised Trading Facility. Agreement is expected in 2013 with implementation in 2015.

## Markets

ICAP provides services in a wide range of geographies and asset classes, with the breadth of its market coverage and extent of connectivity being key strengths of the Group. ICAP reports on its business segments externally in the same way that it manages and reports them internally. The major segments are Global Broking, which is reported by geographic region, Electronic and Post Trade Risk and Information.

| <b>Asset class</b> | <b>Six months to<br/>30 September<br/>2012<br/>Revenue<br/>£m</b> | Six months to<br>30 September<br>2011<br>Revenue<br>£m* | <b>Change<br/>%</b> |
|--------------------|---|---|---------------------|
| Rates              | <b>311</b>  | 351   | (11)                |
| FX                 | <b>156</b>  | 174   | (10)                |
| Commodities        | <b>97</b>   | 98  | (1)                 |
| Emerging markets   | <b>69</b>   | 86  | (20)                |
| Credit             | <b>58</b>   | 83  | (30)                |
| Equities           | <b>55</b>   | 75  | (27)                |
| <b>Total</b>       | <b>746</b>  | 867   | (14)                |

\* During the period the allocation of asset classes has been amended to improve the accuracy of revenue allocated to each asset. The prior period asset classes have been revised to enable comparability.

## Global Broking

To ensure its continued success, the organisation adapts to the changing market environment and in September was reorganised to create a single global broking division. This new division, named Global Broking, will enable the Group to execute a global strategy for voice and hybrid broking services, mirroring how ICAP runs its other businesses. David Casterton, previously CEO EMEA Voice, has been appointed as CEO Global Broking.

Our Global Broking business is active in wholesale markets across all asset classes with the geographic performance shown below.

| Global Broking performance | Six months to<br>30 September<br>2012 | Change<br>% | Six months to<br>30 September<br>2012 | Change<br>% |
|----------------------------|---------------------------------------|-------------|---------------------------------------|-------------|
|                            | Revenue<br>£m                         |             | Operating<br>profit*                  |             |
| EMEA                       | 250                                   | (14)        | 33                                    | (45)        |
| The Americas               | 204                                   | (18)        | 19                                    | (10)        |
| Asia Pacific               | 56                                    | (19)        | (4)                                   | (233)       |
| <b>Total</b>               | <b>510</b>                            | <b>(16)</b> | <b>48</b>                             | <b>(43)</b> |

\* Before acquisition and disposal costs and exceptional items.

ICAP's Global Broking strategy is to extend its hybrid capabilities further, to invest in growth markets and seize opportunities as they arise, to expand market share in products where we are not the leader, and to maintain our market share where we are the leader.

In EMEA, markets continue to be dominated by the Eurozone crisis, regulatory uncertainty and a weakened banking sector resulting in subdued customer trading activity. Revenue of £250 million was down 14% on the prior period as market uncertainty prevailed and the London Olympics further amplified the historical summer slowdown. The year-on-year variance was also exaggerated by unusually high activity in August 2011. Commodities outperformed other asset classes in the first half of the year driven by its diversified client base. While revenue was down across all asset classes period-on-period, the performance of rates, commodities and emerging markets in the first half of the current year was relatively stable compared to performance in the second half of last year. Operating profit during the period fell by 45% reflecting the decline in revenue and the semi-fixed cost nature of broker compensation.

Americas broking revenue of £204 million was down 18% on the prior period reflecting depressed activity across most asset classes. Similar to EMEA, August 2011 was a particularly strong month due to the US government debt ceiling negotiations. Overall global economic conditions as well as uncertainty regarding the impact of regulatory reform on derivatives trading have contributed to lower dealer inventory and risk appetite resulting in lower revenue. Volumes in some rates and FX businesses have been more consistent, albeit at reduced levels from last year. A recent increase in new issuance of corporate bonds has resulted in a marginal improvement in activity month-on-month. There has been a stabilisation of previously eroded sectors for example mortgages, as the commercial market recovers. Revenue in Brazil has continued to grow and the business remains on track for run-rate break even by year end.

In Asia Pacific first quarter revenue held up reasonably well but declined over the European summer as clients reduced risk. Revenue fell by 19% to £56 million but on a comparative basis (excluding the Japanese Government Bond business which was sold to Central Totan Securities) revenue declined by 11%. In Hong Kong the CNH/CNY business remains strong and in China the strategic alliance with CFETS continued to do well and improved profitability. In November, the Singapore office launched a new Iron Ore desk.

Given the challenging market conditions, various steps have been taken to reduce the fixed costs of the Global Broking business and to increase the flexibility of its cost base. Total broker headcount has declined from 2,384 to 2,297 which includes an underlying gross reduction of 219. In addition, individual broker contracts are being restructured across all regions to enhance the variable nature of broker compensation costs whilst still maintaining broker commitment via standard contract duration terms.

## Electronic

ICAP operates EBS and BrokerTec, the world's leading electronic trading platforms in FX and government fixed income. The platforms offer efficient and effective trading solutions to customers in more than 50 countries across a range of instruments including spot FX, US Treasuries, European government bonds and EU and US repo. The platforms are built on our bespoke networks which connect participants in wholesale financial markets.

|                               | Six months to<br>30 September<br>2012<br>£m | Change<br>% |
|-------------------------------|---|-------------|
| <b>Electronic performance</b> |   |             |
| Revenue                       | 134   | (16)        |
| Operating profit*             | 53  | (22)        |

\* Before acquisition and disposal costs and exceptional items.

ICAP's strategy is to grow its global electronic business through increasing its product portfolio and by developing new markets and services.

Combined average daily electronic volumes (ADV) for the EBS FX and BrokerTec fixed income platforms for the six months ended 30 September 2012 were \$689 billion, a decrease of 22% on the previous period.

## BrokerTec

Lower volumes on the BrokerTec platform reflected a number of factors, including the impact of the Eurozone crisis on investor confidence, macroeconomic uncertainty and low interest rate volatility. US Treasury electronic broking ADVs decreased 20% period-on-period to \$114 billion, and US repo volumes were down 15% period-on-period to \$216 billion. In Europe, repo volumes were \$244 billion, down 21% period-on-period.

The two ECB 3-year borrowing programmes (LTRO) during the past year drained liquidity from the secondary Government bond markets as large amounts of Eurozone sovereign debt was placed as collateral at the ECB in return for funding. However following the last LTRO in February 2012 we have seen a steady improvement in Repo nominal volumes and a more pronounced amelioration after the slow summer period.

BrokerTec saw an increase in market activity in September following the Federal Reserve's launch of QE3 and had its strongest month in US Treasuries in more than a year. Greater confidence in the European bond markets, following the ECB proposals to address Eurozone sovereign debt issues, coupled with continued strong issuance in Government Bonds also helped to drive up volumes.

## EBS

Average daily FX electronic broking volumes on the EBS platform were \$115 billion, a 34% decrease on the prior period. Volumes on the EBS platform declined largely due to depressed market activity across all major currency pairs. There has been a reduction in carry trade activity as central banks have maintained low interest rates, reducing the incentive for investors to hold higher-yielding currencies. Trading activity has been further exacerbated by the range-bound nature of some of EBS's main currencies resulting from central bank intervention and policies.

In September EBS announced a number of system and policy changes following extensive consultation with its customers. These included moving to half and full pips in a selection of core pairs, the introduction of new quote and hit fill ratio targets and the adoption of more rigorous enforcement policies for disruptive behaviour on the platform. These changes followed the publication of EBS's new dealing rules in July which were designed to improve the quality and consistency of liquidity on the EBS platform.

Although it is still early days, the changes made at EBS have been well received by its customers. The next steps in EBS's evolution will be to extend the customer base by becoming an aggregator of FX liquidity and embed EBS more deeply within its customers' value chain.

## Other platforms

Volumes on i-Swap, ICAP's market leading trading platform for Euro interest rate swaps, have improved markedly through late July onwards, as volatility subsided and spreads narrowed. This trend further accelerated in October as electronic trade volumes returned to levels last seen pre Euro crisis. ICAP anticipates launching the platform in the US next year.

In June we completed the purchase of PLUS Stock Exchange which has been renamed ICAP Securities & Derivatives Exchange (ISDX). ICAP has established a new management team for ISDX committed to the development and success of the exchange. The exchange will be a viable alternative listings venue to support the growth of SMEs. ICAP is well positioned to leverage ISDX's exchange status to offer new products and solutions for its customers including, listed derivatives.

## Post Trade Risk and Information

The post trade risk and information business comprises the portfolio risk mitigation services businesses (Reset, ReMatch and TriOptima), the transaction processing business, Traiana, and the information business.

|  | Six months to<br>30 September<br>2012<br>£m | Change<br>% |
|--|---|-------------|
| <b>Post trade risk and information performance</b> |   |             |
| Revenue  | 102   | 4           |
| Operating profit*                                  | 43  | 5           |

\* Before acquisition, disposal costs and exceptional items.

ICAP's aim is to continue to develop its post trade risk and information business by providing innovative services that enable our customers to reduce costs and risk, as well as to increase efficiency, return on capital and capacity to process trades.

### Reset and ReMatch

Reset is the market leading provider of bulk risk mitigation services within the interest rate, NDF and inflation markets, and accounts for the largest proportion of ICAP's post trade risk revenue and operating profit. Reset's expertise in short-end risk management helps its customers to control multiple forms of fixing and basis risk across numerous asset classes.

In the six months ended 30 September 2012 Reset's and ReMatch's revenue was flat. Although global economic conditions have resulted in additional quantitative easing and interest rates remain at historic lows with flat yield curves customers have continued to focus on risk mitigation.

Reset's core markets in rates and NDFs have continued to perform well and have not adversely suffered from wider market volume declines. Meanwhile in the CDS space, ReMatch has further cemented its market leading position in the sovereign and emerging markets while also launching a new service in credit indices which has met with positive demand.

### TriOptima

TriOptima, through triReduce and triResolve, is the market leader in risk elimination and risk mitigation solutions for OTC derivatives, primarily through the reconciliation and elimination of outstanding transactions.

The triReduce service decreases counterparty credit risk, the number of outstanding contracts and the gross notional value through early termination of existing contracts for rates, credit and commodity swaps. Since its launch in 2003, triReduce has terminated more than \$300 trillion in notional principal outstandings. This includes more than \$227 trillion of interest rate swap terminations for both cleared and uncleared trades and over \$77 trillion of credit derivative compression.

In the six months ended 30 September 2012 TriOptima's revenue decreased by 2% but increased 7% on an underlying basis (at constant exchange rates). During the period, triReduce eliminated \$7 trillion in bilateral and \$32 trillion in LCH cleared outstanding interest rate swaps and \$1.4 trillion of credit default swaps.

Since its launch in 2006 triResolve, the counterparty exposure management service, has been widely-adopted by a broad cross section of market participants including 250 global dealers, regional institutions, asset servicers, energy trading houses, asset managers and buy side institutions. As a centralised platform capturing 90% of the collateralised OTC derivative population, triResolve plays a critical role in the increasingly important collateral management process from reconciliation through the stages of exception management workflow, enabling users to identify and resolve issues and disputes on the centralised platform.

More than six million trades across OTC derivative asset classes and product structures are reconciled on a daily basis on triResolve in response to current commitments to regulators for daily reconciliations, in addition to new rules in the US and in requiring proactive reconciliation by market participants. A further 700,000 trades are reconciled on a less frequent basis, such as weekly or monthly.

TriOptima continues to innovate and respond to changing market dynamics. It recently launched triBalance, an important new post trade risk management service providing financial institutions with the ability to manage portfolio risk proactively and simultaneously across multiple bilateral and CCP exposures.

## Traiana

Traiana provides global banks, broker/dealers, buy-side firms and e-trading platforms with solutions to automate post trade processing of financial transactions. The Harmony network is the backbone of Traiana's post trade business. It is used by more than 500 of the world's leading financial companies and has become the market standard for post trade processing of FX, exchange traded derivatives, equities and equity derivatives.

In the six months ended 30 September 2012 Traiana's reported revenue increased by 26% and on an underlying basis (at constant exchange rates) by 30%. At 30 September 2012, Harmony was processing an average of 1.3 million transactions per day, an increase of more than 25% from the same period last year. In addition, Traiana's trade aggregation joint venture with CLS Group, CLSAS, was processing more than 350,000 transactions per day, growing by more than 55% over the past 12 months.

Traiana also continues to develop its non-FX business. In June, Traiana's Harmony CFD equity swap network announced that it has added 26 executing brokers for give up processing and 11 prime brokers for enhanced client servicing for buy-side clients over the past year. The total number of CFD equity swap participants on the network now includes more than 85 executing brokers, 14 prime brokers and a rapidly growing number of buy-side firms, cementing Harmony's position as the post-trade standard for the CFD equity swap market.

In September Traiana expanded its Harmony CreditLink initiative with the addition of real-time limit monitoring and a Kill switch capability for exchange traded derivatives. CME and NYSE Liffe are the first exchanges connected, with further exchanges in the on-boarding process.

## Information

ICAP Information is the leading provider of OTC market information, delivering independent data solutions to financial market participants. It employs a subscription based charging structure providing a regular revenue stream. During the first six months of the year the business continued to grow despite the loss of a proportion of data sales following a change to EBS's product offering.

ICAP's information business expanded both its product and service offering while continuing to broaden its customer base globally, in both developed and emerging markets. The UK Labour Market Indices (LMI) was launched as a monthly leading indicator for the UK labour market. In August, BrokerTec and MTS announced a new joint Euro Repo Index service; a daily repo index series for sovereign bond markets of the main Eurozone countries. ICAP also collaborated with Rapid Ratings International Inc. to create a joint credit derivatives service; a pricing service that combines pricing data from ICAP and Rapid Ratings' Financial Health Rating data for each company entity. These new services demonstrate ICAP's sustained commitment to its clients to offer varied and innovative solutions at a time when transparency is paramount.

## Other Post Trade investments

ICAP's Post Trade Risk and Information business invests in new companies developing innovative technology in the areas of post-trade risk management, data and other financial market application via Euclid Opportunities. Euclid is majority owned by ICAP and offers a funding program to early-stage companies. Its portfolio includes minority stakes in Model Two Zero, an early-stage software firm pioneering the next generation of innovative matching, reconciliation and data-translation technologies (acquired in December 2011) and OpenGamma, a risk management and analytics provider (acquired in August 2012).

## Profit for the period

|                                      | Six months to<br>30 September<br>2012<br>£m | Six months to<br>30 September<br>2011<br>£m |
|--------------------------------------|---|---|
| <b>Profit before tax*</b>            | <b>137</b>                                  | 186   |
| Acquisition and disposal costs       | (37)  | (35)  |
| Exceptional items                    | (32)  | –   |
| <b>Profit before tax (statutory)</b> | <b>68</b>                                   | 151   |
| Tax                                  | (18)  | (50)  |
| <b>Profit for period</b>             | <b>50</b>                                   | 101   |

\* Before acquisition and disposal costs and exceptional items.

## Acquisition and disposal costs

The Group saw amortisation of intangibles remain in line with the prior period at £35 million. The remaining expense relates to legal fees for the acquisition of PLUS Stock Exchange plc (£0.5 million consideration paid), investments made acquiring the remaining shareholdings of two partly owned Shipping entities and the unwinding of discounts on deferred consideration. No impairments to goodwill and intangible assets was made during the period.

## Exceptional items

The Group's policy is to disclose separately items in its income statement as exceptional which are non-recurring and, in terms of both size and nature, material.

For the six months to September 2012 exceptional items before tax were £32 million. These costs relate to the implementation of the cost reduction programme, a write down of certain technology assets for the electronic business and certain legal and professional fees.

## Tax

The overall objective continues to be to plan and manage the tax affairs of the Group efficiently while complying with local tax regulations. The Group's effective tax rate excluding acquisition and disposal costs and exceptional items is 28% (30 September 2011 – 31%).

The Group's effective tax rate for the financial period ending 31 March 2013, excluding acquisition and disposal costs and exceptional items, is expected to be between 27% - 29%.

## Balance sheet

The Group's net assets at 30 September 2012 were £1,139 million (31 March 2012 - £1,210 million).

During the period, the Group issued £125 million of six year senior notes with a coupon of 5.5% under its £1 billion Global Medium Term Note programme to UK retail investors improving the debt maturity profile and reducing demand on the revolving credit facility. Gross debt increased by £70 million to £699 million and net debt increased by £76 million to £158 million. This was due to seasonal demands on working capital, the payment of the final dividend for the financial year ended 31 March 2012 and the reversal of the year end restricted cash position which



is now back at a more traditional level. Committed headroom at 30 September 2012 was £370 million (31 March 2012 - £324 million).

Net finance costs for the period were £10 million. In line with the pattern in prior years, first half finance costs are net of dividends received from investments which in this period were £6 million (30 September 2011 - £2 million).

### **Operating profit/cash conversion**

The Group continues to generate substantial free cash flow. The long term expectation remains that free cash and post-tax profit converge, reflecting the strength of the Group's underlying business model. This strength is demonstrated by underlying free cash flow, before exceptionals and adjusting for the short-term movements in restricted funds and initially unsettled items, of £108 million, representing 109% conversion of profit after tax for the period of £99 million.

### **Dividend**

Consistent with previous practice, ICAP's interim dividend has been calculated at 30% of the prior year's full year dividend. As a result, an interim dividend of 6.60p per share (30 September 2011 - 6.00p per share) covering the six month period to 30 September 2012 will be paid on the 8 February 2013 to shareholders on the register at 4 January 2013.

During the period the Group bought back 97,523 shares into Treasury Shares at a cost of £0.3 million.

### **Risk**

The Group continues to classify its exposure into eight risk categories: operational, liquidity, strategic, credit, legal and compliance, market, reputational and financial. Of these, it considers operational, liquidity and strategic to be the principal risks. Operational risk is the risk that the Group may suffer a financial loss or reputational damage directly or indirectly from inadequate or failed internal processes, human error, systems failure or external events. Operational risk is intrinsic in all the Group's diverse activities. Liquidity risk is the risk that any part of the Group does not have sufficient financial resources available to enable it to meet its financial obligations as they fall due. Strategic risk is the risk of its services becoming superseded by competitor solutions, changes in the Group's customer base, changes in market structure or failure to appropriately implement strategic projects.

Further details of each of the eight risks categories were set out on pages 33 to 35 and notes 6, 10, 15 and 16 of the Group's 2012 Annual Report. The directors have reviewed these risks in the context of current market conditions and the outlook for the remaining six months of the financial year. In addition, they have reconsidered previous statements made on risk appetite, risk governance and internal control and do not consider there to be any significant changes since the report. The section entitled 'Outlook' sets out details of the current market conditions and outlook.

### **Outlook**

Since ICAP's last update, trading conditions have remained challenging and the Company remains cautious in its outlook for the rest of the financial year. Inevitably the closure of the US bond market on 30 October and the widespread disruption caused by Hurricane Sandy together with the uncertainty created by the US Presidential election have impacted volumes. Accordingly, the Company anticipates that trading will remain subdued for the remainder of the third quarter.

Historically, ICAP's last financial quarter is its strongest as it is the first quarter of the new financial year for many of its customers. In addition it is anticipated that there will be some more clarity around the regulatory environment. As a result of these, and other factors, the Company expects a return to more active trading in the New Year but does not expect a material improvement in performance compared to the final quarter of the prior year.

The Company expects pre-tax profit for the full year to 31 March 2013 to be at the lower end of the analyst range of £300 million to £332 million.

**Consolidated income statement**  
**For the six month period to 30 September 2012**

|   | Note | Before acquisition and disposal costs and exceptional items<br>£m | Acquisition and disposal costs<br>£m | Exceptional items<br>(note 3)<br>£m | Total<br>£m |
|---|------|---|--------------------------------------|-------------------------------------|-------------|
| <b>Continuing operations</b>            |      |   |                                      |                                     |             |
| <b>Revenue</b>                          | 2    | 746   | –                                    | –                                   | 746         |
| Operating expenses                      |      | (608)   | (36)                                 | (32)                                | (676)       |
| Other income                            |      | 6   | –                                    | –                                   | 6           |
| <b>Operating profit</b>                 | 2    | 144   | (36)                                 | (32)                                | 76          |
| Finance income                          |      | 8   | –                                    | –                                   | 8           |
| Finance costs                           |      | (18)  | (1)                                  | –                                   | (19)        |
| Share of profit of associates after tax |      | 3   | –                                    | –                                   | 3           |
| <b>Profit before tax</b>                | 2    | 137   | (37)                                 | (32)                                | 68          |
| Tax                                     | 6    | (38)  | 10                                   | 10                                  | (18)        |
| <b>Profit for the period</b>            |      | 99  | (27)                                 | (22)                                | 50          |
| <b>Attributable to:</b>                 |      |   |                                      |                                     |             |
| Owners of the Company                   |      | 99  | (27)                                 | (22)                                | 50          |
| Non-controlling interests               |      | –   | –                                    | –                                   | –           |
|   |      | 99  | (27)                                 | (22)                                | 50          |
| <b>Earnings per ordinary share</b>      |      |   |                                      |                                     |             |
| – basic                                 | 4    |   |                                      |                                     | 7.8         |
| – diluted                               | 4    |   |                                      |                                     | 7.7         |

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

**Consolidated income statement** continued  
**For the six month period to 30 September 2011**

|   | Note | Before<br>acquisition and<br>disposal costs<br>and<br>exceptional<br>items<br>£m | Acquisition<br>and disposal<br>costs<br>£m | Exceptional<br>items<br>(note 3)<br>£m | Total<br>£m |
|---|------|--|--|--|-------------|
| <b>Continuing operations</b>            |      |  |  |  |             |
| <b>Revenue</b>                          | 2    | 867  | –  | –                                      | 867         |
| Operating expenses                      |      | (687)  | (35)                                       | –                                      | (722)       |
| Other income                            |      | 13   | –  | –                                      | 13          |
| <b>Operating profit</b>                 | 2    | 193  | (35)                                       | –                                      | 158         |
| Finance income                          |      | 6  | –  | –                                      | 6           |
| Finance costs                           |      | (16)   | –  | –                                      | (16)        |
| Share of profit of associates after tax |      | 3  | –  | –                                      | 3           |
| <b>Profit before tax</b>                | 2    | 186  | (35)                                       | –                                      | 151         |
| Tax                                     | 6    | (58)   | 8  | –                                      | (50)        |
| <b>Profit for the period</b>            |      | 128  | (27)                                       | –                                      | 101         |
| <b>Attributable to:</b>                 |      |  |  |  |             |
| Owners of the Company                   |      | 128  | (27)                                       | –                                      | 101         |
| Non-controlling interests               |      | –  | –  | –                                      | –           |
|   |      | 128  | (27)                                       | –                                      | 101         |
| <b>Earnings per ordinary share</b>      |      |  |  |  |             |
| – basic                                 | 4    |  |  |  | 15.4        |
| – diluted                               | 4    |  |  |  | 15.2        |

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

**Consolidated income statement** continued  
**For the year ended 31 March 2012**

|   | Note | Before<br>acquisition and<br>disposal costs<br>and<br>exceptional<br>items<br>£m | Acquisition<br>and disposal<br>costs<br>£m | Exceptional<br>items<br>(note 3)<br>£m | Total<br>£m |
|---|------|--|--|--|-------------|
| <b>Continuing operations</b>            |      |  |  |  |             |
| <b>Revenue</b>                          | 2    | 1,681  | –  | –                                      | 1,681       |
| Operating expenses                      |      | (1,335)  | (150)                                      | –                                      | (1,485)     |
| Other income                            |      | 26   | 13   | –                                      | 39          |
| <b>Operating profit</b>                 | 2    | 372  | (137)                                      | –                                      | 235         |
| Finance income                          |      | 10   | –  | –                                      | 10          |
| Finance costs                           |      | (34)   | –  | –                                      | (34)        |
| Share of profit of associates after tax |      | 6  | –  | –                                      | 6           |
| <b>Profit before tax</b>                | 2    | 354  | (137)                                      | –                                      | 217         |
| Tax                                     | 6    | (95)   | 18   | –                                      | (77)        |
| <b>Profit for the year</b>              |      | 259  | (119)                                      | –                                      | 140         |
| <b>Attributable to:</b>                 |      |  |  |  |             |
| Owners of the Company                   |      | 260  | (123)                                      | –                                      | 137         |
| Non-controlling interests               |      | (1)  | 4  | –                                      | 3           |
|   |      | 259  | (119)                                      | –                                      | 140         |
| <b>Earnings per ordinary share</b>      |      |  |  |  |             |
| – basic                                 | 4    |  |  |  | 21.1        |
| – diluted                               | 4    |  |  |  | 20.8        |

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

## Consolidated statement of comprehensive income

|  | Six months<br>ended<br>30 September<br>2012<br>£m | Six months<br>ended<br>30 September<br>2011<br>£m | Year ended<br>31 March<br>2012<br>£m |
|--|---|---|--------------------------------------|
| Profit for the period  | 50  | 101   | 140                                  |
| <b>Other comprehensive income from continuing operations</b>     |   |   |                                      |
| Net movement on cash flow hedges                                 | 2   | (1)   | 12                                   |
| Net exchange adjustments on investments in overseas subsidiaries | (17)  | 8   | (31)                                 |
| Revaluation gains in the period                                  | –   | –   | 4                                    |
| Net current tax recognised in other comprehensive income         | (1)   | 5   | (1)                                  |
| <b>Other comprehensive (losses)/income for the period</b>        | <b>(16)</b>                                       | 12  | (16)                                 |
| <b>Total comprehensive income for the period</b>                 | <b>34</b>   | 113   | 124                                  |
| <b>Total comprehensive income attributable to:</b>               |   |   |                                      |
| Owners of the Company  | 34  | 113   | 121                                  |
| Non-controlling interests  | –   | –   | 3                                    |
|  | <b>34</b>   | 113   | 124                                  |

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

## Consolidated balance sheet

|  | Note | As at<br>30 September<br>2012<br>£m | As at<br>30 September<br>2011<br>£m | As at<br>31 March<br>2012<br>£m |
|--|------|-------------------------------------|-------------------------------------|---------------------------------|
| <b>Assets</b>  |      |                                     |                                     |                                 |
| <b>Non-current assets</b>                              |      |                                     |                                     |                                 |
| Intangible assets arising on consolidation             | 7    | 1,143                               | 1,337                               | 1,188                           |
| Intangible assets arising from development expenditure |      | 73                                  | 61                                  | 68                              |
| Property and equipment                                 |      | 57                                  | 91                                  | 82                              |
| Investment in associates                               |      | 63                                  | 33                                  | 54                              |
| Deferred tax assets                                    |      | 15                                  | 15                                  | 12                              |
| Trade and other receivables                            |      | 12                                  | 16                                  | 11                              |
| Available-for-sale investments                         |      | 31                                  | 29                                  | 31                              |
|  |      | <b>1,394</b>                        | <b>1,582</b>                        | <b>1,446</b>                    |
| <b>Current assets</b>                                  |      |                                     |                                     |                                 |
| Trade and other receivables                            | 10   | 69,462                              | 61,990                              | 79,254                          |
| Restricted funds                                       | 8(b) | 88                                  | 98                                  | 50                              |
| Cash and cash equivalents                              |      | 541                                 | 527                                 | 547                             |
|  |      | <b>70,091</b>                       | <b>62,615</b>                       | <b>79,851</b>                   |
| <b>Total assets</b>                                    |      | <b>71,485</b>                       | <b>64,197</b>                       | <b>81,297</b>                   |
| <b>Liabilities</b>                                     |      |                                     |                                     |                                 |
| <b>Current liabilities</b>                             |      |                                     |                                     |                                 |
| Trade and other payables                               | 10   | (69,374)                            | (61,890)                            | (79,184)                        |
| Short-term borrowings and overdrafts                   | 9    | (213)                               | (356)                               | (255)                           |
| Tax payable  |      | (116)                               | (128)                               | (123)                           |
| Short-term provisions                                  |      | (1)                                 | (2)                                 | (1)                             |
|  |      | <b>(69,704)</b>                     | <b>(62,376)</b>                     | <b>(79,563)</b>                 |
| <b>Non-current liabilities</b>                         |      |                                     |                                     |                                 |
| Trade and other payables                               |      | (46)                                | (34)                                | (33)                            |
| Long-term borrowings                                   | 9    | (486)                               | (384)                               | (374)                           |
| Deferred tax liabilities                               |      | (93)                                | (104)                               | (98)                            |
| Retirement benefit obligations                         |      | (1)                                 | (1)                                 | (1)                             |
| Long-term provisions                                   |      | (16)                                | (47)                                | (18)                            |
|  |      | <b>(642)</b>                        | <b>(570)</b>                        | <b>(524)</b>                    |
| <b>Total liabilities</b>                               |      | <b>(70,346)</b>                     | <b>(62,946)</b>                     | <b>(80,087)</b>                 |
| <b>Net assets</b>                                      |      | <b>1,139</b>                        | <b>1,251</b>                        | <b>1,210</b>                    |
| <b>Equity</b>  |      |                                     |                                     |                                 |
| <b>Capital and reserves</b>                            |      |                                     |                                     |                                 |
| Called up share capital                                |      | 66                                  | 66                                  | 66                              |
| Share premium account                                  |      | 454                                 | 452                                 | 453                             |
| Other reserves   |      | 93                                  | 74                                  | 91                              |
| Translation  |      | 25                                  | 81                                  | 42                              |
| Retained earnings                                      |      | 460                                 | 556                                 | 516                             |
| <b>Equity attributable to owners of the Company</b>    |      | <b>1,098</b>                        | <b>1,229</b>                        | <b>1,168</b>                    |
| Non-controlling interests                              |      | 41                                  | 22                                  | 42                              |
| <b>Total equity</b>                                    |      | <b>1,139</b>                        | <b>1,251</b>                        | <b>1,210</b>                    |

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

The Condensed Consolidated Interim Financial Statements, including accompanying notes, were approved by the board on 14 November 2012 and were signed on its behalf by:

**Michael Spencer**  
Group Chief Executive Officer

**Iain Torrens**  
Group Finance Director

## Consolidated statement of changes in equity

|  | Share capital<br>£m | Share premium<br>£m | Other reserves<br>£m | Translation<br>£m | Retained earnings<br>£m | Attributable to owners of the Company<br>£m | Non-controlling interests<br>£m | Total<br>£m  |
|--|---------------------|---------------------|----------------------|-------------------|-------------------------|---|---------------------------------|--------------|
| Balance at 1 April 2011                      | 66                  | 452                 | 75                   | 73                | 565                     | 1,231                                       | 20                              | 1,251        |
| Total comprehensive income for the period*   | –                   | –                   | (1)                  | 8                 | 106                     | 113   | –                               | 113          |
| Share-based payments in the period           | –                   | –                   | –                    | –                 | 4                       | 4   | –                               | 4            |
| Net movements in employee trusts             | –                   | –                   | –                    | –                 | 5                       | 5   | –                               | 5            |
| Other movements in non-controlling interests | –                   | –                   | –                    | –                 | –                       | –   | 2                               | 2            |
| Dividends paid in the period                 | –                   | –                   | –                    | –                 | (96)                    | (96)  | –                               | (96)         |
| Net Treasury Shares acquired in the period   | –                   | –                   | –                    | –                 | (28)                    | (28)  | –                               | (28)         |
| <b>Balance at 30 September 2011</b>          | <b>66</b>           | <b>452</b>          | <b>74</b>            | <b>81</b>         | <b>556</b>              | <b>1,229</b>                                | <b>22</b>                       | <b>1,251</b> |
| Total comprehensive income for the period*   | –                   | –                   | 17                   | (39)              | 30                      | 8   | 3                               | 11           |
| Share-based payments in the period           | –                   | –                   | –                    | –                 | (1)                     | (1)   | –                               | (1)          |
| Other movements in non-controlling interests | –                   | –                   | –                    | –                 | –                       | –   | 20                              | 20           |
| Dividends paid in the period                 | –                   | –                   | –                    | –                 | (39)                    | (39)  | (3)                             | (42)         |
| Net Treasury Shares acquired in the period   | –                   | –                   | –                    | –                 | (28)                    | (28)  | –                               | (28)         |
| Ordinary shares issued                       | –                   | 1                   | –                    | –                 | –                       | 1   | –                               | 1            |
| Cancellation of ordinary shares              | –                   | –                   | –                    | –                 | (2)                     | (2)   | –                               | (2)          |
| <b>Balance at 31 March 2012</b>              | <b>66</b>           | <b>453</b>          | <b>91</b>            | <b>42</b>         | <b>516</b>              | <b>1,168</b>                                | <b>42</b>                       | <b>1,210</b> |
| Total comprehensive income for the period*   | –                   | –                   | 2                    | (17)              | 49                      | 34  | –                               | 34           |
| Share-based payments in the period           | –                   | –                   | –                    | –                 | 1                       | 1   | –                               | 1            |
| Net movements in employee trusts             | –                   | –                   | –                    | –                 | (3)                     | (3)   | –                               | (3)          |
| Other movements in non-controlling interests | –                   | –                   | –                    | –                 | (1)                     | (1)   | (1)                             | (2)          |
| Dividends paid in the period                 | –                   | –                   | –                    | –                 | (102)                   | (102)                                       | –                               | (102)        |
| Ordinary shares issued                       | –                   | 1                   | –                    | –                 | –                       | 1   | –                               | 1            |
| <b>Balance at 30 September 2012</b>          | <b>66</b>           | <b>454</b>          | <b>93</b>            | <b>25</b>         | <b>460</b>              | <b>1,098</b>                                | <b>41</b>                       | <b>1,139</b> |

\*See Consolidated statement of comprehensive income

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

## Consolidated statement of cash flow

|  | Note | Six months ended<br>30 September<br>2012<br>£m | Six months ended<br>30 September<br>2011<br>£m | Year ended<br>31 March<br>2012<br>£m |
|--|------|--|--|--------------------------------------|
| <b>Cash flows from operating activities</b>                        | 8(a) | <b>38</b>                                      | 99   | 312                                  |
| <b>Cash flows from investing activities</b>                        |      |  |  |                                      |
| Dividends received from associates                                 |      | 1  | 3  | 5                                    |
| Other equity dividends received                                    |      | 6  | 2  | 3                                    |
| Payments to acquire property and equipment                         |      | (2)  | (14)   | (17)                                 |
| Intangible development expenditure                                 |      | (10)   | (8)  | (35)                                 |
| Net receipts on disposal of available-for-sale investments         |      | –  | 1  | 1                                    |
| Proceeds from sale of business net of cash disposed                |      | –  | –  | 13                                   |
| Acquisition of interests in businesses net of cash acquired        |      | (2)  | –  | (3)                                  |
| Acquisition of associates and joint ventures                       |      | (7)  | –  | (24)                                 |
| <b>Net cash flows from investing activities</b>                    |      | <b>(14)</b>                                    | (16)   | (57)                                 |
| <b>Cash flows from financing activities</b>                        |      |  |  |                                      |
| Dividends paid to non-controlling interest                         |      | –  | –  | (3)                                  |
| Proceeds from exercise of share options                            |      | 1  | –  | 1                                    |
| Cancellation of ordinary shares                                    |      | –  | –  | (2)                                  |
| Proceeds from issue of ordinary shares to non-controlling interest |      | –  | –  | 22                                   |
| Dividends paid to owners of the Company                            |      | (102)  | (96)   | (135)                                |
| Payments to acquire Treasury Shares                                |      | –  | (28)   | (56)                                 |
| Payments to acquire own shares for employee trusts*                |      | (3)  | (6)  | –                                    |
| Repayment of borrowings  |      | (54)   | –  | –                                    |
| Funds received from borrowing, net of fees                         |      | 145  | 155  | 57                                   |
| <b>Net cash flows from financing activities</b>                    |      | <b>(13)</b>                                    | 25   | (116)                                |
| FX adjustments   |      | (8)  | 10   | (5)                                  |
| <b>Net increase in cash and cash equivalents</b>                   |      | <b>3</b>                                       | 118  | 134                                  |
| Net cash and cash equivalents at beginning of period               |      | 538  | 404  | 404                                  |
| <b>Net cash and cash equivalents at end of period</b>              |      | <b>541</b>                                     | 522  | 538                                  |
| <b>Net cash and cash equivalents consists of:</b>                  |      |  |  |                                      |
| Cash and cash equivalents  |      | 541  | 527  | 547                                  |
| Bank overdrafts  |      | –  | (5)  | (9)                                  |
| <b>Net cash and cash equivalents at end of period</b>              |      | <b>541</b>                                     | 522  | 538                                  |

\*Payments to acquire own shares for employee share trusts is shown net of £5 million (six month period ended 30 September 2011 - £6 million, year ended 31 March 2012 - £6 million) of contributions received from participants in the trust.

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.



### 1 Basis of preparation

#### a) Basis of preparation

The Condensed Consolidated Interim Financial Statements for the six months to 30 September 2012 do not constitute statutory financial information as defined in section 434 of the Companies Act 2006. The Condensed Consolidated Interim Financial Statements are unaudited but have been reviewed by the auditors, PricewaterhouseCoopers LLP, and their report is set out at the end of this document. The Annual Report for the year ended 31 March 2012 has been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The Condensed Consolidated Interim Financial Statements for the six months to 30 September 2012 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and with IAS34 'Interim financial reporting' as adopted by the European Union (EU). These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Annual Report for the year ended 31 March 2012 which was prepared in accordance with IFRS as adopted by the EU.

The accounting policies applied in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with the Annual Report for the year ended 31 March 2012.

The preparation of the Condensed Consolidated Interim Financial Statements requires the Group to make various estimates and assumptions when determining the carrying value of certain assets and liabilities. The significant judgements and estimates applied by the Group in these Condensed Consolidated Interim Financial Statements have been applied on a consistent basis with the Annual Report for the year ended 31 March 2012.

After making relevant enquiries, the directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements.

#### Presentation of primary statements

The Group maintains a columnar format for the presentation of its consolidated income statement. The columnar format enables the Group to continue its practice of improving the understanding of its results by presenting profit for the period before acquisition and disposal costs and exceptional items. This is the profit measure used to calculate adjusted EPS and is considered to be the most appropriate as it better reflects the Group's underlying cash earnings. Profit before acquisition and disposal costs and exceptional items are reconciled to profit before tax on the face of the consolidated income statement. On the face of the consolidated income statement basic and diluted EPS has been disclosed.

#### b) Recent accounting developments

The following new standards and amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2012 and have not been early adopted:

- IAS1 'Presentation of financial statements' – Amendments to revise the way other comprehensive income is presented. The amendments require entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently and require tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items. These amendments become effective for annual periods beginning on or after 1 January 2013.
- IFRS9 'Financial instruments' addresses classification and measurement of financial assets, as the first phase of the replacement of IAS39 'Financial Instruments – recognition and measurement' and is effective for annual periods beginning after 1 January 2015, subject to EU endorsement.
- IFRS10 'Consolidated financial statements' requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS27 'Consolidated and separate financial statements' and SIC-12 'Consolidation – special purpose entities'. The standard becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS11 'Joint arrangements' replaces IAS31 'Interests in joint ventures' and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. The standard becomes effective for annual periods beginning on or after 1 January 2013.

## Notes to the financial statements continued

### 1 Basis of preparation continued

- IFRS12 'Disclosure of interests in other entities' requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The standard becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS13 'Fair value measurement' replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The standard becomes effective for annual periods beginning on or after 1 January 2013.
- IAS27 'Consolidated and separate financial statements' – reissued as IAS27 'Separate financial statements' (as amended in 2011). This standard is an amended version of IAS27 'Consolidated and separate financial statements' which now deals only with the requirements for separate financial statements, which have been carried over largely unchanged from IAS27 'Consolidated and separate financial statements'. Requirements for consolidated financial statements are now contained in IFRS10 'Consolidated financial statements'. The standard becomes effective for annual periods beginning on or after 1 January 2013.
- IAS28 'Investments in associates and joint ventures (2011)' supersedes IAS28 'Investments in associates' and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard becomes effective for annual periods beginning on or after 1 January 2013.

The impact on the Group financial statements of adopting the above standards is currently under review. The adoption of the standards that become effective from 1 January 2013 are not expected to have a material impact, with the impact of adopting IFRS9 still to be determined.

## Notes to the financial statements continued

### 2 Segmental information

The Group has determined its operating segments based on the management information reviewed on a regular basis by the ICAP plc board. The Group considers the executive members of the ICAP plc board to be the Chief Operating Decision Maker (CODM).

As at 31 March 2012 the business consisted of regional voice businesses in EMEA, the Americas and Asia Pacific, a global electronic business active in fixed income interest rate derivatives and FX markets and a global post trade risk and information services business. From 1 September 2012 a CEO of Global Broking was appointed with responsibility for all three former voice regions. The former voice segments have been renamed under Global Broking. While the restructuring continues, the CODM will continue to receive information in the previous format leaving the segments unchanged as at 30 September 2012.

The Group continues to disclose an operating segment for the broking business in Asia Pacific even though this segment does not meet the quantitative thresholds to be mandatory under IFRS8 'Operating segments'. This is to reflect the importance of the Asia Pacific region to the Group and the way the Group is managed.

|   | Six months ended 30 September 2012 |                |                       |                  |   | Total<br>£m |
|---|------------------------------------|----------------|-----------------------|------------------|---|-------------|
|   | Global Broking                     |                |                       | Electronic<br>£m | Post trade<br>risk and<br>information<br>£m |             |
|   | EMEA<br>£m                         | Americas<br>£m | Asia<br>Pacific<br>£m |                  |   |             |
| <b>Revenue</b>  | <b>250</b>                         | <b>204</b>     | <b>56</b>             | <b>134</b>       | <b>102</b>                                  | <b>746</b>  |
| <b>Operating profit before acquisition<br/>and disposal costs and<br/>exceptional items</b> | <b>33</b>                          | <b>19</b>      | <b>(4)</b>            | <b>53</b>        | <b>43</b>                                   | <b>144</b>  |
| <b>Reconciliation to the consolidated<br/>income statement:</b>                             |                                    |                |                       |                  |   |             |
| Acquisition and disposal costs  |                                    |                |                       |                  |   | (36)        |
| Exceptional items   |                                    |                |                       |                  |   | (32)        |
| <b>Operating profit</b>   |                                    |                |                       |                  |   | <b>76</b>   |
| Finance income  |                                    |                |                       |                  |   | 8           |
| Finance costs   |                                    |                |                       |                  |   | (19)        |
| Share of profit of associates after tax   |                                    |                |                       |                  |   | 3           |
| Profit before tax   |                                    |                |                       |                  |   | 68          |
| Tax   |                                    |                |                       |                  |   | (18)        |
| Profit for the period   |                                    |                |                       |                  |   | 50          |

Notes to the financial statements continued

2 Segmental information continued

|   | Six months ended 30 September 2011* |                |                       |                  |   | Total<br>£m |
|---|-------------------------------------|----------------|-----------------------|------------------|---|-------------|
|   | Global Broking                      |                |                       | Electronic<br>£m | Post trade<br>risk and<br>information<br>£m |             |
|   | EMEA<br>£m                          | Americas<br>£m | Asia<br>Pacific<br>£m |                  |   |             |
| <b>Revenue</b>  | 291                                 | 249            | 69                    | 160              | 98  | 867         |
| <b>Operating profit before acquisition and disposal costs and exceptional items</b> | 60                                  | 21             | 3                     | 68               | 41  | 193         |
| <b>Reconciliation to the consolidated income statement:</b>                         |                                     |                |                       |                  |   |             |
| Acquisition and disposal costs  |                                     |                |                       |                  |   | (35)        |
| Exceptional items   |                                     |                |                       |                  |   | –           |
| <b>Operating profit</b>   |                                     |                |                       |                  |   | 158         |
| Finance income  |                                     |                |                       |                  |   | 6           |
| Finance costs   |                                     |                |                       |                  |   | (16)        |
| Share of profit of associates after tax   |                                     |                |                       |                  |   | 3           |
| Profit before tax   |                                     |                |                       |                  |   | 151         |
| Tax   |                                     |                |                       |                  |   | (50)        |
| Profit for the period   |                                     |                |                       |                  |   | 101         |

\*During the current period the allocation of revenue and operating profit has been amended to improve the accuracy of revenue and operating profit allocated to each segment.

|   | Year ended 31 March 2012* |                |                       |                  |   | Total<br>£m |
|---|---------------------------|----------------|-----------------------|------------------|---|-------------|
|   | Global Broking            |                |                       | Electronic<br>£m | Post-trade<br>risk and<br>information<br>£m |             |
|   | EMEA<br>£m                | Americas<br>£m | Asia<br>Pacific<br>£m |                  |   |             |
| <b>Revenue</b>  | 564                       | 478            | 130                   | 301              | 208   | 1,681       |
| <b>Operating profit before acquisition and disposal costs and exceptional items</b> | 105                       | 42             | 6                     | 127              | 92  | 372         |
| <b>Reconciliation to the consolidated income statement:</b>                         |                           |                |                       |                  |   |             |
| Acquisition and disposal costs  |                           |                |                       |                  |   | (137)       |
| Exceptional items   |                           |                |                       |                  |   | –           |
| <b>Operating profit</b>   |                           |                |                       |                  |   | 235         |
| Finance income  |                           |                |                       |                  |   | 10          |
| Finance costs   |                           |                |                       |                  |   | (34)        |
| Share of profit of associates after tax   |                           |                |                       |                  |   | 6           |
| Profit before tax   |                           |                |                       |                  |   | 217         |
| Tax   |                           |                |                       |                  |   | (77)        |
| Profit for the year   |                           |                |                       |                  |   | 140         |

\*During the current period the allocation of revenue and operating profit has been amended to improve the accuracy of revenue and operating profit allocated to each segment.

## Notes to the financial statements continued

### 2 Segmental information continued

Revenue earned by product type is disclosed below:

|                      | Six months<br>ended<br>30 September<br>2012<br>£m | Six months<br>ended<br>30 September<br>2011<br>£m* | Year ended<br>31 March<br>2012<br>£m* |
|----------------------|---|--|---------------------------------------|
| <b>Product type</b>  |   |  |                                       |
| Rates                | 311   | 351  | 682                                   |
| FX                   | 156   | 174  | 343                                   |
| Commodities          | 97  | 98   | 203                                   |
| Emerging markets     | 69  | 86   | 160                                   |
| Credit               | 58  | 83   | 160                                   |
| Equities             | 55  | 75   | 133                                   |
| <b>Total revenue</b> | <b>746</b>  | <b>867</b>   | <b>1,681</b>                          |

\*During the current period the allocation of asset class has been amended to improve the accuracy of revenue allocated to each asset. The prior period asset classes have been re-presented to ensure comparability.

The Group does not earn more than 10% of its total revenue from any individual customer.

### 3 Exceptional items

|  | Six months<br>ended<br>30 September<br>2012<br>£m | Six months<br>ended<br>30 September<br>2011<br>£m | Year ended<br>31 March<br>2012<br>£m |
|--|---|---|--------------------------------------|
| <b>Exceptional items before tax</b>      |   |   |                                      |
| Staff termination and property exits     | (17)  | –   | –                                    |
| Information technology                   | (10)  | –   | –                                    |
| Legal and professional fees              | (5)   | –   | –                                    |
| Total exceptional items before tax       | (32)  | –   | –                                    |
| Tax                                      | 10  | –   | –                                    |
| <b>Total exceptional items after tax</b> | <b>(22)</b>                                       | <b>–</b>  | <b>–</b>                             |

As a result of the cost reduction programme announced in June 2012, the Group has recognised staff terminations and property exit costs of £17 million for the six months to 30 September 2012.

On 12 March 2012, the Group announced a change in senior management of the electronic business. During the current period a strategic review of ongoing product and trading platform developments was undertaken, leading to an impairment of intangible assets and property and equipment of £10 million.

The Group has incurred £5 million of legal and professional fees for advice in responding to requests received from and in co-operating with some government agencies as part of industry-wide investigations. Further details of these enquiries are provided in note 11 contingent liabilities.

Notes to the financial statements continued

**4 Earnings per share**

The Group continues to calculate an adjusted earnings per share measurement ratio in the notes to the financial statements as it believes that it is the most appropriate measurement, since it better reflects the Group's underlying cash earnings.

**Earnings per share**

|                                  | Six months ended 30 September 2012 |                    |                                | Six months ended 30 September 2011 |                    |                                |
|----------------------------------|------------------------------------|--------------------|--------------------------------|------------------------------------|--------------------|--------------------------------|
|                                  | Earnings<br>£m                     | Shares<br>millions | Earnings<br>per share<br>pence | Earnings<br>£m                     | Shares<br>millions | Earnings<br>per share<br>pence |
| <b>Basic and diluted</b>         |                                    |                    |                                |                                    |                    |                                |
| <b>Basic</b>                     | 50                                 | 641                | 7.8                            | 101                                | 654                | 15.4                           |
| Dilutive effect of share options | –                                  | 10                 | (0.1)                          | –                                  | 9                  | (0.2)                          |
| <b>Diluted basic</b>             | 50                                 | 651                | 7.7                            | 101                                | 663                | 15.2                           |

|                                      | Six months ended 30 September 2012 |                    |                                | Six months ended 30 September 2011 |                    |                                |
|--------------------------------------|------------------------------------|--------------------|--------------------------------|------------------------------------|--------------------|--------------------------------|
|                                      | Earnings<br>£m                     | Shares<br>millions | Earnings<br>per share<br>pence | Earnings<br>£m                     | Shares<br>millions | Earnings<br>per share<br>pence |
| <b>Adjusted basic and diluted</b>    |                                    |                    |                                |                                    |                    |                                |
| <b>Basic</b>                         | 50                                 | 641                | 7.8                            | 101                                | 654                | 15.4                           |
| Acquisition and disposal costs       | 27                                 | –                  | 4.2                            | 27                                 | –                  | 4.2                            |
| Exceptional items after tax (note 3) | 22                                 | –                  | 3.4                            | –                                  | –                  | –                              |
| <b>Adjusted basic</b>                | 99                                 | 641                | 15.4                           | 128                                | 654                | 19.6                           |
| Dilutive effect of share options     | –                                  | 10                 | (0.2)                          | –                                  | 9                  | (0.3)                          |
| <b>Adjusted diluted</b>              | 99                                 | 651                | 15.2                           | 128                                | 663                | 19.3                           |

|                                  | Year ended 31 March 2012 |                    |                                |
|----------------------------------|--------------------------|--------------------|--------------------------------|
|                                  | Earnings<br>£m           | Shares<br>millions | Earnings<br>per share<br>pence |
| <b>Basic and diluted</b>         |                          |                    |                                |
| <b>Basic</b>                     | 137                      | 649                | 21.1                           |
| Dilutive effect of share options | –                        | 9                  | (0.3)                          |
| <b>Diluted basic</b>             | 137                      | 658                | 20.8                           |

|                                      | Year ended 31 March 2012 |                    |                                |
|--------------------------------------|--------------------------|--------------------|--------------------------------|
|                                      | Earnings<br>£m           | Shares<br>millions | Earnings<br>per share<br>pence |
| <b>Adjusted basic and diluted</b>    |                          |                    |                                |
| <b>Basic</b>                         | 137                      | 649                | 21.1                           |
| Acquisition and disposal costs       | 123                      | –                  | 19.0                           |
| Exceptional items after tax (note 3) | –                        | –                  | –                              |
| <b>Adjusted basic</b>                | 260                      | 649                | 40.1                           |
| Dilutive effect of share options     | –                        | 9                  | (0.6)                          |
| <b>Adjusted diluted</b>              | 260                      | 658                | 39.5                           |

## Notes to the financial statements continued

### 5 Dividends

|   | Six months<br>ended<br>30 September<br>2012<br>£m | Six months<br>ended<br>30 September<br>2011<br>£m | Year ended<br>31 March<br>2012<br>£m |
|---|---|---|--------------------------------------|
| <b>Amounts recognised as distributions to equity holders in the period</b>          |   |   |                                      |
| Final dividend for the year ended 31 March 2012 of 16.00p per share (2011 – 14.68p) | 102   | 96  | 96                                   |
| Interim dividend for the year ended 31 March 2012 of 6.00p per share (2011 – 5.27p) | –   | –   | 39                                   |
|   | <b>102</b>  | <b>96</b>   | <b>135</b>                           |

The final dividend for the year ended 31 March 2012 was satisfied with a cash payment of £102 million.

On 14 November 2012 the board approved an interim dividend for the year ending 31 March 2013 of 6.60p per share. The dividend will be satisfied in cash.

### 6 Tax

Tax charged to the income statement in the period:

|   | Six months<br>ended<br>30 September<br>2012<br>£m | Six months<br>ended<br>30 September<br>2011<br>£m | Year ended<br>31 March<br>2012<br>£m |
|---|---|---|--------------------------------------|
| <b>Current tax</b>  |   |   |                                      |
| – Current periods   | 28  | 66  | 102                                  |
| – Adjustment to prior periods                             | (3)   | (5)   | (11)                                 |
|   | <b>25</b>   | <b>61</b>   | <b>91</b>                            |
| <b>Deferred tax</b>                                       |   |   |                                      |
| – current period  | (6)   | (10)  | (16)                                 |
| – adjustments to prior periods                            | –   | –   | 3                                    |
| – deferred tax impact of changes in tax rates             | (1)   | (1)   | (1)                                  |
|   | <b>(7)</b>  | <b>(11)</b>                                       | <b>(14)</b>                          |
| <b>Total tax charged to consolidated income statement</b> | <b>18</b>   | <b>50</b>   | <b>77</b>                            |

The Group's share of profit of associates in the income statement is shown net of tax of £2 million (30 September 2011 – £1 million).

Legislation to reduce the main rate of Corporation Tax from 24% to 23% from 1 April 2013 was passed by Parliament on 17 July 2012. Further reductions to the main rate are proposed to reduce the rate by a further 1% to 22% from 1 April 2014. The reduction to 23% from 1 April 2013 was substantively enacted at the balance sheet date and its effect on deferred tax is included in the tax charge for the period. The reduction to 22% is not expected to have a material impact on the deferred tax balances.

The principal movement in deferred tax relates to the release of the deferred tax liability on the amortisation of intangibles arising on consolidation.

## Notes to the financial statements continued

### 6 Tax continued

|   | Six months<br>ended<br>30 September<br>2012<br>£m | Six months<br>ended<br>30 September<br>2011<br>£m | Year ended<br>31 March<br>2012<br>£m |
|---|---|---|--------------------------------------|
| <b>Total tax on profit before tax, acquisition and disposal costs and exceptional items</b> |   |   |                                      |
| Total tax charged to the consolidated income statement                                      | 18  | 50  | 77                                   |
| Tax credit on acquisition and disposal costs  | 10  | 8   | 18                                   |
| Tax credit on exceptional items   | 10  | –   | –                                    |
| <b>Total tax charged before acquisition and disposal costs and exceptional items</b>        | <b>38</b>   | 58  | 95                                   |

The Group's effective tax rate on profits before acquisition and disposal costs and exceptional items for the six months to 30 September 2012 was 28% compared with 31% in the six months to 30 September 2011 and 27% for the full year to 31 March 2012. The tax rate is higher than the applicable statutory rate in the UK primarily due to higher rates applying to profits in overseas jurisdictions and items of expenditure that are not deductible for tax purposes.

### 7 Acquisitions

In June 2012 the Group acquired 100% of the share capital in PLUS Stock Exchange plc (PLUS), the smaller company equity exchange based in the UK, for cash consideration of £0.5 million. The fair value of net identifiable assets and liabilities acquired on acquisition totalled £1.2 million of net liabilities. The difference between the fair value of consideration paid and net liabilities acquired of £1.7 million represents goodwill relating to the acquisition. Since acquisition PLUS has contributed £nil to the Group's profit after tax. Had 100% of PLUS been held by the Group from the start of the period, the Group's profit after tax would be as reported in the consolidated income statement for the period ended 30 September 2012.



**8 Cash****a) Reconciliation of profit before tax to net cash flow from operating activities**

|   | Six months<br>ended<br>30 September<br>2012<br>£m | Six months<br>ended<br>30 September<br>2011<br>£m | Year ended<br>31 March<br>2012<br>£m |
|---|---|---|--------------------------------------|
| Profit before tax   | 68  | 151   | 217                                  |
| Share of operating profits of associates after tax  | (3)   | (3)   | (6)                                  |
| Operating exceptional items*  | 32  | –   | –                                    |
| Amortisation of intangible assets arising on consolidation  | 34  | 35  | 70                                   |
| Impairment of intangible assets arising on consolidation  | –   | –   | 103                                  |
| Amortisation and impairment of intangible assets arising from development expenditure – non exceptional | 14  | 11  | 29                                   |
| Depreciation and impairment of property and equipment – non exceptional                                 | 11  | 11  | 21                                   |
| Other acquisition and disposal costs  | 2   | –   | (36)                                 |
| Share-based payments  | 1   | 4   | 3                                    |
| Net finance expense   | 11  | 10  | 24                                   |
| Operating cash flows before movements in working capital  | 170   | 219   | 425                                  |
| Decrease in trade and other receivables   | 28  | 29  | 18                                   |
| (Increase)/decrease in restricted funds   | (38)  | (25)  | 23                                   |
| Decrease in trade and other payables  | (68)  | (57)  | (41)                                 |
| Cash generated by operations before exceptional items paid  | 92  | 166   | 425                                  |
| Operating exceptional items paid  | (14)  | –   | –                                    |
| Cash generated by operations  | 78  | 166   | 425                                  |
| Interest received   | 2   | 3   | 6                                    |
| Interest paid   | (19)  | (19)  | (31)                                 |
| Tax paid  | (23)  | (51)  | (88)                                 |
| <b>Net cash flow from operating activities</b>  | <b>38</b>   | <b>99</b>   | <b>312</b>                           |

\*Operating exceptional items includes £10 million of impairments relating to property and equipment (£5 million) and capitalised software development (£5 million).

The movement in trade and other receivables and trade and other payables excludes the impact of the gross-up of matched principal trades as permitted by IAS7 'Statement of cash flows'. The gross-up has no impact on the cash flow or net assets of the Group. The cash flow movement in trade and other receivables includes the net movement on matched principal transactions and deposits for securities borrowed/loaned. The movement for the six months to September 2012, after accounting for acquisitions, is an outflow of £22 million (six months to September 2011 is an outflow of £1 million, year to March 2012 is an inflow of £25 million).

**b) Restricted funds**

As part of the Group's activities in matched principal and exchange traded markets, the Group is required to hold a mix of cash and cash equivalents and other securities with clearing houses and those institutions which provide it with clearing and settlement services. As these balances cannot be withdrawn on a same day basis, under IAS7 'Statement of cash flows' they are presented separately on the face of the consolidated balance sheet.

|                  | As at<br>30 September<br>2012<br>£m | As at<br>30 September<br>2011<br>£m | As at<br>31 March<br>2012<br>£m |
|------------------|-------------------------------------|-------------------------------------|---------------------------------|
| Restricted funds | 88                                  | 98                                  | 50                              |
|                  | <b>88</b>                           | <b>98</b>                           | <b>50</b>                       |

**9 Borrowings****a) Long-term borrowings**

|  | As at<br>30 September<br>2012<br>£m | As at<br>30 September<br>2011<br>£m | As at<br>31 March<br>2012<br>£m |
|--|-------------------------------------|-------------------------------------|---------------------------------|
| Subordinated loan notes repayable 2015 | 120                                 | 124                                 | 120                             |
| Five year senior notes                 | 242                                 | 260                                 | 254                             |
| Six year senior notes                  | 124                                 | –                                   | –                               |
|  | <b>486</b>                          | <b>384</b>                          | <b>374</b>                      |

**b) Short-term borrowings**

|   | As at<br>30 September<br>2012<br>£m | As at<br>30 September<br>2011<br>£m | As at<br>31 March<br>2012<br>£m |
|---|-------------------------------------|-------------------------------------|---------------------------------|
| Bank overdrafts                           | –                                   | 5                                   | 9                               |
| Revolving credit facilities – net of fees | 169                                 | 320                                 | 225                             |
| European commercial paper                 | 44                                  | 31                                  | 21                              |
|   | <b>213</b>                          | <b>356</b>                          | <b>255</b>                      |

Gross debt at 30 September 2012 is £699 million (30 September 2011 – £740 million, 31 March 2012 - £629 million).

On 31 July 2012, ICAP plc issued £125 million of six year senior notes under its £1 billion Global Medium Term Note programme with a coupon of 5.5%. The notes are shown net of capitalised fees of £1 million.

On 20 April 2012 the Group extended the maturity of its \$880 million revolving credit facility incorporating up to a \$200 million swingline facility by one further year to 31 May 2014. All other terms of the facility remain unchanged.

**c) Net debt**

|                           | As at<br>30 September<br>2012<br>£m | As at<br>30 September<br>2011<br>£m | As at<br>31 March<br>2012<br>£m |
|---------------------------|-------------------------------------|-------------------------------------|---------------------------------|
| Gross debt                | (699)                               | (740)                               | (629)                           |
| Cash and cash equivalents | 541                                 | 527                                 | 547                             |
| <b>Net debt</b>           | <b>(158)</b>                        | <b>(213)</b>                        | <b>(82)</b>                     |

**10 Matched principal, deposits for securities and other trade receivables**

Current asset trade and other receivables of £69,462 million consisted of matched principal receivables of £68,342 million, deposits for securities borrowed of £721 million, other trade receivables of £204 million and other receivables and prepayments of £195 million.

**a) Matched principal and deposits for securities**

Certain Group companies conduct broking by purchasing from one party and selling to another. Such trades are complete only when both sides of the deal are settled and so the Group is exposed to risk in the event that one side of the transaction remains unsettled. Substantially all the transactions settle within a short period of time (one to three days) and the settlement risk is considered to be minimal. All amounts due to and payable by counterparties in respect of matched principal business are shown gross, except where a legally enforceable netting agreement exists and the asset and liability are either settled net or simultaneously.

The gross amount of matched principal transactions included in trade and other receivables is £68,342 million (September 2011 – £60,879 million, 31 March 2012 – £77,997 million).

Certain Group companies are involved in collateralised stock lending transactions as an intermediary between counterparties. The gross amount of these transactions included within trade and other receivables is £721 million (September 2011 – £665 million, 31 March 2012 – £794 million).

**10 Matched principal, deposits for securities and other trade receivables** continued

The other side of the gross up for matched principal and collateralised stock lending is included within current trade and other payables.

**b) Other trade receivables**

Other trade receivables represent amounts receivable in respect of agency business and information services. At 30 September 2012 other trade receivables were £204 million (30 September 2011 - £237 million, 31 March 2012 - £247 million). As at 30 September 2012 the following other trade receivables were past their normal settlement date but had not been impaired:

|                                      | As at<br>30 September<br>2012<br>£m | As at<br>30 September<br>2011<br>£m | As at<br>31 March<br>2012<br>£m |
|--------------------------------------|-------------------------------------|-------------------------------------|---------------------------------|
| Less than 30 days overdue            | 59                                  | 77                                  | 104                             |
| Over 30 days, but less than 90 days  | 36                                  | 42                                  | 44                              |
| Over 90 days overdue                 | 22                                  | 21                                  | 21                              |
| <b>Total overdue</b>                 | <b>117</b>                          | 140                                 | 169                             |
| Not overdue                          | 87                                  | 97                                  | 78                              |
| <b>Total other trade receivables</b> | <b>204</b>                          | 237                                 | 247                             |

The Group's provision for impairment at 30 September 2012 is £3 million (30 September 2011 - £2 million, 31 March 2012 - £3 million).

**11 Contingent liabilities**

- (a) Several government agencies in North America and Europe, including the US CFTC, the US Department of Justice, the FSA and the European Commission, are conducting investigations into past submissions made by panel members to the bodies that set various inter-bank offered rates (notably LIBOR). Neither ICAP, nor any of its subsidiaries, either were at the relevant time or are now members of the various panels that submit data used to set LIBOR. However, certain ICAP group companies are involved in the broking of cash deposits and derivatives based on LIBOR between banks, including members of the relevant panels. Certain companies of the Group have received requests from some government agencies for information as part of their investigations into how LIBOR is set and are co-operating fully. It is not possible at this time to predict the scope and ultimate outcomes of any investigations including the timing and scale of the potential impact on the Group.
- (b) From time to time the Group is engaged in litigation in relation to a variety of matters, and is required to provide information to regulators and other government agencies as part of informal and formal inquiries. It is not possible to quantify the extent of any potential liabilities, but there are none currently expected to have a material adverse impact on the Group's consolidated results or net assets.
- (c) In the normal course of business, certain Group companies enter into guarantees and indemnities to cover trading arrangements and/or the use of third party services or software.

## Notes to the financial statements continued

### 12 Related party transactions

The nature of the various services provided to some of the Group's joint ventures and associates are similar to those for the year ended 31 March 2012 and there have been no material transactions during the period to 30 September 2012.

The basis of remuneration of key management personnel remains consistent with that disclosed in the Annual Report for the year ended 31 March 2012.

### 13 Exchange rates

The principal FX rates which affect the Group, expressed in currency per £1, are shown below:

|           | <b>Closing<br/>rate<br/>as at<br/>30<br/>September<br/>2012</b> | Closing<br>rate<br>as at<br>30<br>September<br>2011 | Closing<br>rate<br>as at<br>31 March<br>2012 | <b>Average<br/>rate six<br/>months<br/>ended<br/>30<br/>September<br/>2012</b> | Average<br>rate<br>six months<br>ended<br>30<br>September<br>2011 | Average<br>rate<br>year<br>ended<br>31 March<br>2012 |
|-----------|---|---|--|--|---|--|
| US dollar | <b>1.61</b>   | 1.56  | 1.60   | <b>1.59</b>  | 1.62  | 1.60   |
| Euro      | <b>1.26</b>   | 1.16  | 1.20   | <b>1.24</b>  | 1.13  | 1.16   |

## Statement of directors' responsibilities

### Directors' responsibilities

- The directors confirm that, to the best of their knowledge, these condensed set of financial statements has been prepared in accordance with IAS34 as adopted by the European Union, and that the interim management report and the condensed set of financial statements herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:
- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report.

### Changes in directors

The directors of ICAP plc are listed in the ICAP plc Annual Report for the year ended 31 March 2012.

A list of current directors is maintained on the ICAP plc website [www.icap.com](http://www.icap.com).

By order of the board

**Michael Spencer**  
Group Chief Executive Officer

**Iain Torrens**  
Group Finance Director

14 November 2012

## **Independent review report of ICAP plc**

### **Introduction**

We have been engaged by the Company to review the Condensed Consolidated Interim Financial Statements in the half-yearly financial report for the six months ended 30 September 2012, which comprises the consolidated income statement, consolidated statement of other comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and related notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed Consolidated Interim Financial Statements.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The Condensed Consolidated Interim Financial Statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the Condensed Consolidated Interim Financial Statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Consolidated Interim Financial Statements in the half-yearly financial report for the six months ended 30 September 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

## **PricewaterhouseCoopers LLP**

Chartered Accountants

London

14 November 2012

Notes:

I. The maintenance and integrity of the ICAP website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the half-yearly financial report since it was initially presented on the website.

II. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.