

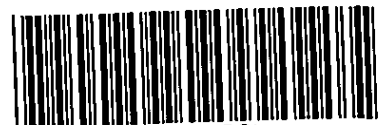
Marex Group Limited

Report and Financial Statements

Year ended 31 March 2009

Registered number: 05613060

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Marex Group Limited

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Marex Group Limited

Company Information

Country of incorporation

United Kingdom

Legal form

Private Limited Company

Directors

L T Hanover (Chairman)
S J N Heale
M Kleinman
A D Phillips
G H Prentice
M A Slade
S H Sparke

Secretary and registered office

J M Courtney
Level One, 155 Bishopsgate, London, EC2M 3TQ

Company number

05613060

Auditors

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

Bankers

HSBC Bank Plc, 8 Canada Square, London, E14 5HQ

Marex Group Limited

Directors' report for the year ended 31 March 2009

The directors present their report and financial statements for the year ended 31 March 2009.

About Us

Marex is a leading independent specialist broker focused on Commodities, Financial Futures and FX.

Marex provides voice and electronic execution and clearing services for commodity markets in metals, energy and agricultural products and the financial futures and foreign exchange markets. Our professional client base includes commodity producers and consumers, CTA's, hedge funds, banks and e-locals. Marex has a reputation for first class client service with an experienced team of over two hundred professionals based in London, Geneva and New York.

Trading desks offer valuable market insight with commentary on trade flows, fundamentals and technical analysis plus increased liquidity by market making or block trading large or complex orders. Our integrated voice/screen business model combines communication via our desks with advanced electronic trading platforms and a premier clearing service across all markets.

Marex is a leading full service broker on the London Metal Exchange, NYSE Liffe (Paris, Amsterdam, Lisbon, Brussels) ICE Futures (Europe and Canada) and Eurex and provides access to all major exchanges in the US and Asia. Marex is a member of the Futures and Options Association and is regulated by the Financial Services Authority.

Chief Executive Officer Review

Highlights

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m	Change %
Revenue	79.0	71.7	+10%
Net Operating Income	21.6	18.7	+16%
Operating profit	26.3	25.7	+2%
Operating margin	33%	36%	-3%

I am pleased to report that our Group has continued to perform well in the face of the most difficult of market conditions. The global economic crisis became an economic slump producing unprecedented falls in commodity and financial prices coupled with highly volatile and illiquid market conditions. The collapse of Lehman Brothers tested all clearing houses, exchanges and brokers to the full but served to highlight the many benefits of the exchange traded futures and options markets. These generally coped well given the enormous strains they were put under. They offered a level of transparency to user and regulator alike, which has subsequently led to calls for more OTC products to be centrally cleared.

Marex Group Limited

Directors' report for the year ended 31 March 2009 (Continued)

Chief Executive Officer's Review (continued)

Revenue increased by 10% to £79.0 million (£71.7m 2008) with growth in both the commodity and financial products.

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m	Change %
Commodity Products	47.1	42.3	+11%
Financial Products	29.6	27.3	+8%
EasyScreen	2.3	2.1	+10%

Product Line Performance

Commodity Products

Metals

Our London Metal Exchange ("LME") business enjoyed another successful year with a strong growth in commissions due to new client acquisition and record exchange volumes which have continued into the 2009 calendar year. Although the exchange does not publish member rankings, management believes we remain the leading Category 1 broker for both execution and clearing volumes. Much of the volume increase has come from electronic trading on LME Select where we are also very active and have the advantage of our own bespoke EasyScreen platform plus leading ISV solutions. The warrant financing book also grew throughout the year as exchange stocks rose rapidly due to the economic slump plus the unexpected benefit of reduced bank competition.

Energy

Revenue from energy broking grew strongly, 19% year on year, albeit from a low level, as we attracted new clients and gained market share, especially in the ICE gasoil contract where our specialist team are focused and have a first class reputation. Energy remains a key area for expansion in the commodity sector.

Agriculture

Our agriculture division (formerly Marex Carlton Limited) performed extremely well throughout the year with a 32% increase in revenue due to a combination of new clients and the growth in grains as a new product area. The team maintained their number 1 ranking on NYSE Liffe commodity products. This performance is all the more remarkable as exchange volumes fell year on year and is a testament to the quality of the team.

Financial Products

Foreign Exchange ("FX")

FX broking was the fastest growing product line this year driven by a rapid growth in new clients in our second year of offering an FX service and highly volatile market conditions, which resulted in well above average volumes per client. We are currently working on a new online platform for launch later this year which should greatly increase our ability to service electronic clients.

Financial Futures and Options ("FFO")

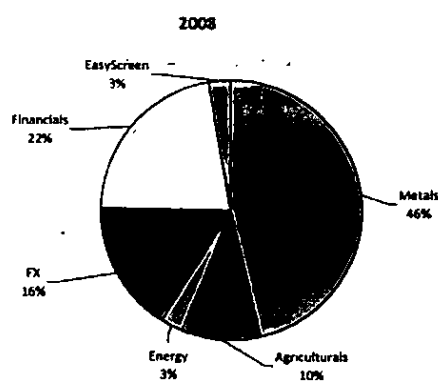
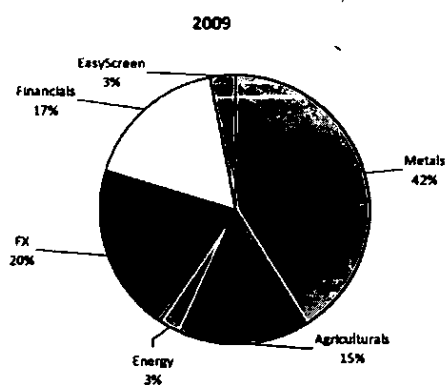
Fixed income volumes fell dramatically on NYSE Liffe and Eurex post the collapse of Lehman Brothers and the subsequent zero interest rate environment, and are only now starting to improve. This led to a decline in annual performance for our e-locals business which has now started to recover. We have started to selectively recruit into our FFO brokerage team in recent months since Stephen Sparke, ex Head of Global Futures for UBS, joined the senior management team adding valuable knowledge in this sector.

Marex Group Limited

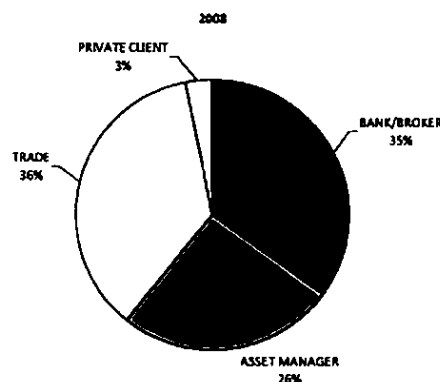
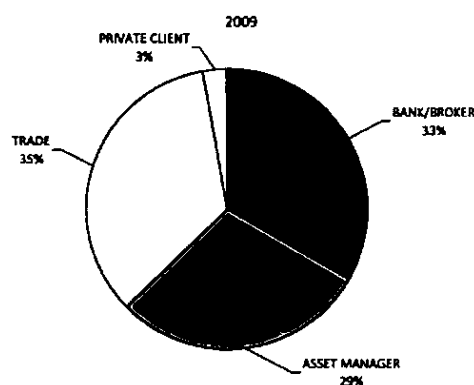
Directors' report for the year ended 31 March 2009 (Continued)

Chief Executive Officer's Review (continued)

Revenue by Product Line



Revenue by Client Type (excluding FX clients)



Business Structure

Effective from 1 April 2008 management took the opportunity to refine the business structure. This has involved four principal changes:

- following the successful acquisition and integration of the remainder of Marex USA Limited (formerly Marex Carlton Limited), the business has been transferred to Marex Financial Limited to consolidate the broker dealer businesses within a single legal entity.
- the EasyScreen software business of Marex Services Limited (formerly Marex Trading Services Limited), has been transferred to EasyScreen Limited, a wholly owned subsidiary of Marex Group Limited.
- the Professional Trading Services business of Marex Services Limited (formerly Marex Trading Services Limited), has been transferred to Marex Financial Limited to consolidate all clearing and electronic services within Marex Financial Limited.
- Marex Trading Services Limited was retained as a service company to the Group and renamed Marex Services Limited.

Marex Group Limited

Directors' report for the year ended 31 March 2009 (Continued)

Future Outlook

The current environment presents a huge opportunity for us as a dynamic independent player, so despite market uncertainties we expect to continue expansion in all our existing operations. In the case of the Financial Futures and Agricultural Commodities desks we have, in May 2009, opened up new sales opportunities in New York through a branch office of one of the Group's subsidiaries - Marex USA Limited. We will explore other product or geography options as they arise.

Results

The highlights for the year to 31 March 2009 were as follows:

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m	Change %
- Profit after tax before minority interest	19.2	15.0	27%
- Shareholders Equity	130.5	124.5	5%

Dividends

Dividends of £14,315,457 were paid during the year - £5,250,000 was paid on 23 July 2008, £9,013,353 on 19 December 2008 and £52,104 on 4 March 2009.

Directors

The following directors have held office during the year:

L T Hanover (Chairman)

S J N Heale

M Kleinman (appointed 10 September 2008)

A D Phillips (appointed 25 September 2008)

G H Prentice (appointed 1 September 2008)

B J Richards (resigned 8 September 2008)

M A Slade

S H Sparke (appointed 19 September 2008)

Charitable and political contributions

Charitable donations of £316,332 were made during the year (2008 - £162,989). No contributions were made for political purposes (2008 - £nil).

Events since the balance sheet date

Subsequent to the close of business on 31 March 2009 the Company acquired the entire share capital of Marex USA Limited (formerly Marex Carlton Limited) from its subsidiary Marex Financial Limited, at the net book value of the assets.

Marex Group Limited

Directors' report for the year ended 31 March 2009 (Continued)

Financial risk management objectives and policies

The Group's financial risk management and policies are disclosed in note 17.

Auditors

A resolution proposing that Ernst & Young LLP be re-appointed as auditors will be put to the Annual General Meeting.

Indemnity of Directors

Each director is indemnified out of the assets of the Group against all costs, charges, losses and liabilities incurred by them in the proper exercise of their duties. Directors who have resigned during the year also benefit from the same indemnity arrangement. In addition to this the Directors are covered by an insurance policy.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards ("IFRS").

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies in accordance with International Accounting Standard ("IAS") 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state that the Group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement as to disclosure of information to auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Board



M A Slade
Director
29 June 2009

Report of the independent auditors for the year ended 31 March 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAREX GROUP LIMITED

We have audited the financial statements of Marex Group Limited for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Changes in Shareholders Equity and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the directors' report is consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

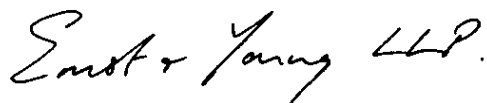
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the independent auditors for the year ended 31 March 2009

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's and the parent Company's affairs as at 31 March 2009 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP
Registered auditor
London
30 June 2009

Marex Group Limited**Consolidated income statement for the year ended 31 March 2009**

		2009 £'000	2008 £'000
Revenue	2	78,962	71,683
Operating Expenses		(57,349)	(52,989)
Net Operating Income		21,613	18,694
Finance income (net)	6	5,569	7,285
Foreign exchange revaluation (loss)/gain	3	(174)	2,545
Share of joint venture profits	11	-	201
Provision for doubtful debts	13	(682)	(3,014)
Operating Profit	4	26,326	25,711
Restructuring costs:			
Net loss from acquisition and restructuring	7	-	(1,008)
Profit before tax		26,326	24,703
Tax expense	8	(7,113)	(9,665)
Profit for the year		19,213	15,038
Attributable to:			
- Equity holders of the parent		19,142	15,007
- Minority interest		71	31
		19,213	15,038

The notes on pages 19 to 55 form part of these financial statements.

Marex Group Limited

Consolidated statement of changes in equity for the year 31 March 2009

	AFS reserve £'000	Share capital £'000	Share premium £'000	Share- based payment reserve £'000	Retained earnings £'000	Minority Interest £'000	Total £'000
At 1 April 2008	4,490	100,001	3,600	1,649	14,645	143	124,528
Revaluation of AFS Assets	(1,595)	-	-	-	-	-	(1,595)
Deferred tax on revaluation movement	447	-	-	-	-	-	447
IFRS 2 share-based awards	-	-	-	2,211	-	-	2,211
Profit for the year	-	-	-	-	19,142	71	19,213
Dividend paid	-	-	-	-	(14,315)	-	(14,315)
Balance at 31 March 2009	3,342	100,001	3,600	3,860	19,472	214	130,489

Marex Group Limited

Consolidated balance sheet at 31 March 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Assets :					
Non-current assets					
Property, plant and equipment	9	2,960		3,859	
Intangible assets	10	4,414		3,805	
Investments	11	12,907		14,502	
Total non-current assets			20,281		22,166
Current assets					
Inventory	12	84,611		167,040	
Trade receivables	13	532,924		414,864	
Derivative instruments		40,068		39,778	
Cash and cash equivalents	14	269,302		227,670	
Total current assets			926,905		849,352
Total assets			947,186		871,518
Liabilities:					
Current liabilities					
Bank overdraft		52		179	
Trade payables	15	809,381		700,225	
Derivative instruments		4,250		36,200	
Corporation tax		1,969		8,004	
Provisions	16	-		751	
Total current liabilities			815,652		745,359
Non-current liabilities					
Deferred tax	8	1,045		1,631	
Total non-current liabilities			1,045		1,631
Total liabilities			816,697		746,990
TOTAL NET ASSETS			130,489		124,528

Marex Group Limited

Consolidated balance sheet at 31 March 2009 (Continued)

	Note	2009 £000's	2009 £'000	2008 £'000	2008 £'000
Capital and reserves attributable to equity holders of the Company					
Share capital	18	100,001		100,001	
Share premium	20	3,600		3,600	
Share-based payments reserve	20	3,860		1,649	
Retained earnings	20	19,472		14,645	
Revaluation reserve	20	3,342		4,490	
			130,275		124,385
Minority interest			214		143
TOTAL EQUITY			130,489		124,528

The financial statements on pages 11 to 18 were approved by the Board of Directors on 29 June 2009 and were signed on its behalf by:



M A Slade
Director

The notes on pages 19 to 55 form part of these financial statements.

Marex Group Limited

Consolidated cash flow statement for the year ended 31 March 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Operating activities					
Profit from ordinary activities before tax		26,326		24,703	
Adjustments for:					
Depreciation	4	1,577		1,653	
Amortisation	4	195		46	
Loss on disposal of fixed assets	4	-		580	
Loss on disposal of subsidiary undertaking	4	-		17	
Foreign exchange (gains)		(7,059)		(1,233)	
Share-based award expense	5	2,211		1,649	
Decrease in provisions		(751)		(425)	
Operating cashflows before changes in working capital and provisions			22,499		26,990
Increase in trade receivables		(114,530)		(112,400)	
Increase in trade payables		112,687		272,494	
Decrease/(increase) in inventory		82,429		(165,839)	
Net (increase) in derivatives instruments		(32,240)		(3,578)	
			48,346		(9,323)
Cash generated from operations			70,845		17,667
Income taxes paid			(13,289)		(4,311)
Cash flows from operating activities carried forward			57,556		13,356

Marex Group Limited

Consolidated cash flow statement for the year ended 31 March 2009 (Continued)

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Cash flows from operating activities brought forward			57,556		13,356
Investing activities					
Purchases of property, plant and equipment	9	(907)		(1,165)	
Development expenditure capitalised	10	(575)		(97)	
Acquisition of subsidiary interest		-		(1,018)	
Acquisition of interest in Carlton Commodities 2004 LLP		-		(3,500)	
			(1,482)		(5,780)
Financing activities					
Payment of dividend		(14,315)		(9,215)	
			(14,315)		(9,215)
Increase/(Decrease) in cash and cash equivalents			41,759		(1,639)
Cash and cash equivalents as at 1 April:					
Cash and cash equivalents		227,670		229,244	
Overdrafts		(179)		(114)	
			227,491		229,130
Cash and cash equivalents as at 31 March			269,250		227,491
Cash and cash equivalents as at 31 March:					
Cash and cash equivalents		269,302		227,670	
Overdrafts		(52)		(179)	
			269,250		227,491

The notes on pages 19 to 55 form part of these financial statements.

Marex Group Limited

Company balance sheet at 31 March 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Assets					
Non-current assets					
Investments	11	107,560		105,249	
Total non-current assets			107,560		105,249
Current assets					
Cash and cash equivalents		104		204	
Due from Group undertakings		230		-	
Total current assets			334		204
Total assets			107,894		105,453
Liabilities					
Current liabilities					
Amounts due to Group undertakings		-		196	
Total current liabilities			-		196
Total liabilities			-		196
TOTAL NET ASSETS			107,894		105,257
Capital and reserves attributable to equity holders of the Company					
Share capital	18		100,001		100,001
Share premium	20		3,600		3,600
Share-based awards reserve	20		3,860		1,649
Retained earnings	20		433		7
TOTAL EQUITY			107,894		105,257

The financial statements on pages 11 to 18 were approved by the Board of Directors on 29 June 2009 and were signed on its behalf by:



M A Slade
Director

The notes on pages 19 to 55 form part of these financial statements.

Marex Group Limited**Company statement of changes in equity for the year ended 31 March 2009**

	Share-based Awards reserve £'000	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 April 2008	1,649	100,001	3,600	7	105,257
Profit for the year	-	-	-	14,741	14,741
Dividend paid	-	-	-	(14,315)	(14,315)
Issue of share capital	-	-	-	-	-
IFRS 2 share-based awards	2,211	-	-	-	2,211
Balance at 31 March 2009	3,860	100,001	3,600	433	107,894

The notes on pages 19 to 55 form part of these financial statements.

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by European Union and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS.

Basis of consolidation

Where the Group has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. The Group's share of joint ventures is accounted for under the equity method. Intercompany transactions and balances between Group companies are eliminated in full.

Revenue

Revenue comprises the following:

- execution and clearing commissions, which are recognised on trade date basis;
- metals broking, energy broking and foreign exchange trading activity where the Group acts as principal, which is typically recognised on a fair value basis whereby movements in fair values of the position are recognised in the income statement;
- trader profit split income, recognised on an accrual basis;
- desk facilities fees, license and software fees, which are recognised on an accrual basis; and
- other operating income, which arises from foreign exchange translation differences

In accordance with accepted practice, those financial instruments held for trading purposes are marked to market and consequently gains and losses are taken to the Income Statement.

Finance income (net)

Finance income is earned on overdrawn counterparty balances, balances held at exchanges and brokers, and balances held at banks. Finance expenses are paid on loans, overdrawn accounts with brokers and exchanges, and counterparty balances. Finance income and expenses are recognised on an amortised cost basis using effective interest rates.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

1 Accounting policies (continued)

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the income statement.

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (ie the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (ie the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line item in the income statement.

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included as a charge within the income statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the income statement as incurred.

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

1 Accounting policies (continued)

Joint ventures and subsidiaries

A joint venture is an entity which the Group has an interest and, in the opinion of the directors, exercises joint control over its operating and financial policies. An interest exists where an instrument is held on a long term basis.

The consolidated financial statements account for investments in joint ventures under the equity method of accounting. The income statement includes the Group's share of post tax profit or losses for that entity. The balance sheet shows the Group's share of the net assets or liabilities of those entities, together with any attributable goodwill and separately identifiable intangible assets.

In the Company accounts interests in subsidiaries are accounted for at cost less impairment.

Foreign currency

The financial statements are presented in GBP, which is the functional currency of the Group.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement.

On consolidation, the results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Any exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity, in the "foreign exchange reserve".

1 Accounting policies (continued)

Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

- *Fair value through profit or loss:* This category includes derivatives held for trading. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement. The Group records its "held for trading" financial assets at fair value through the Income Statement.
- *Loans and receivables:* These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. They are carried at amortised cost using the effective interest method less any provision for impairment.
- *Available-for-sale:* Non-derivative financial assets not included in the above categories are classified as available-for-sale. They comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities, and investments in memberships, seats and interests in investment exchanges. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement. Fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the Group establishes fair value by using the latest available trade price.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was assumed. The Group's accounting policy for each category is as follows:

- *Fair value through profit or loss:* This category includes derivatives held for trading. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement.
- *Other financial liabilities:* Other financial liabilities include the following items:
 - Trade payables and other short-term monetary liabilities, which are recognised at amortised cost
 - Bank borrowings. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Netting of financial assets and liabilities

Financial assets and liabilities are offset with a counterparty if a valid contractual netting agreement is in place and the Group has an intention and ability to settle on a net basis with that counterparty. This creates a single obligation to pay (or receive) a net sum of cash.

1 Accounting policies (continued)

Retirement benefits: Defined contribution schemes

The Group operate defined contribution schemes. Contributions are charged to the income statement in the year to which they relate.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Inventories

Inventories represent metal warrants held by the Group. Inventories are stated at market value with revaluation differences reported in the Income Statement.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on property, plant and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

- Leasehold improvements - over the length of the lease or 20% per annum straight line, where appropriate
- Fixtures and fittings - 25% per annum straight line
- Computer equipment - 50% per annum straight line

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Share-based payments

In accordance with IFRS 2 requirements for share based awards, the cost of equity-settled transactions with employees is measured by reference to an estimate of the value, calculated by management, of the shares granted on the grant date, applying a standard industry valuation metric. Vesting conditions are not taken into account when measuring the value other than conditions linked to the price of the shares of the Company (market conditions), but reflect the number of equity instruments included in the measurement of the transaction such that the amount recognised reflects the number of shares that will actually vest. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental value of any modification, based on the difference between the value of the original award and the value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the value of the award at the cancellation or settlement date is deducted from equity, with any excess over value being treated as an expense in the Income Statement.

1 Accounting policies (continued)

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the Income Statement in specific periods.

(b) Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. In that regard, the derived fair value estimates cannot be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

Investments

Fixed asset investments are stated at cost less diminution in value.

Current asset investments are stated at their market value. Profits and losses arising from this valuation are taken into the Income Statement.

Client Money

The Group holds money on behalf of clients in accordance with the client money rules of the Financial Services Authority. Such monies and the corresponding liability are included on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet.

1 Accounting policies (continued)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the appropriate original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is included in the Income Statement within 'Operating Profit'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are also included within 'Operating Profit' in the Income Statement.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Standards and Interpretations issued by the IASB and endorsed by the EU

IFRS 8 'Operating Segments' ('IFRS 8'), which replaces IAS 14 'Segment Reporting' ('IAS 14'), was issued on 30 November 2006 and is effective for annual periods beginning on or after 1 January 2009. This standard specifies how an entity should disclose information about its segments which enables users to evaluate the nature and financial effects of its business activities and the economic environments in which it operates. The Group does not expect any impact on the Group financial statements or the separate financial statements of Marex Group Limited as the group has not taken up the option to adopt IAS 14.

A revised IAS 1, which is applicable for annual periods beginning on or after 1 January 2009, was issued on 6 September 2007. The revised standard aims to improve users' ability to analyse and compare information given in financial statements. The adoption of the revised standard will have no effect on the results reported in the Group's consolidated financial statements or the separate financial statements of Marex Group Limited. It will, however, result in certain presentational changes in the primary financial statements of Marex Group Limited.

The IASB issued an amendment to IFRS 2 'Share-based Payment' – 'Vesting Conditions and Cancellations' on 17 January 2008. The amendment, which is applicable for annual periods beginning on or after 1 January 2009, clarifies that vesting conditions comprise only service conditions and performance conditions. It also specifies the accounting treatment for a failure to meet a non-vesting condition. Marex Group Limited does not expect adoption of the amendment to have a significant effect on its consolidated financial statements or the separate financial statements of Marex Group Limited.

1 Accounting policies (continued)

The IASB issued a revised IAS 23 'Borrowing Costs' on 29 March 2007, which is applicable for annual periods beginning on or after 1 January 2009. The revised standard eliminates the option of recognising borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Marex Group Limited does not expect adoption of the revised standard to have a significant effect on its consolidated financial statements or the separate financial statements of Marex Group Limited.

IFRIC 13 'Customer Loyalty Programmes' ('IFRIC 13') was issued on 28 June 2007 and is effective for annual periods beginning on or after 1 July 2008. IFRIC 13 addresses how companies that grant their customers loyalty award credits (often called 'points') when buying goods or services should account for their obligation to provide free or discounted goods and services, if and when the customers redeem the points. IFRIC 13 requires companies to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue when they have fulfilled their obligations to provide goods or services. Marex Group Limited does not expect the adoption of this interpretation to have a significant effect on its consolidated financial statements. This interpretation will have no effect on the separate financial statements of Marex Group Limited.

Standards and Interpretations issued by the IASB but not endorsed by the EU

At 31 March 2009, the following amendments to standards and interpretations, effective for these consolidated financial statements, were issued by the IASB but not endorsed by the EU:

An amendment to IAS 39 and to IFRS 7 – 'Reclassification of Financial Assets – Effective Date and Transition' was issued on 27 November 2008. The amendment, which clarifies the effective date of the Reclassification Amendment, will have no effect on the consolidated financial statements of Marex Group Limited or the separate financial statements of Marex Group Limited and its subsidiaries.

A revised IFRS 3 'Business Combinations' and an amended IAS 27 'Consolidated and Separate Financial Statements', were issued on 10 January 2008. The revisions to the standards apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual financial reporting period beginning on or after 1 July 2009. The main changes under the standards are that:

- acquisition-related costs are recognised as expenses in the income statement in the period they are incurred;
- equity interests held prior to control being obtained are remeasured to fair value at the time control is obtained, and any gain or loss is recognised in the income statement;
- changes in a parent's ownership interest in a subsidiary that do not result in a change of control are treated as transactions between equity holders and reported in equity; and
- an option is available, on a transaction-by-transaction basis, to measure any non-controlling (previously referred to as minority) interests in the entity acquired either at fair value, or at the non-controlling interests' proportionate share of the net identifiable assets of the entity acquired.

The effect that the changes will have on the consolidated financial statements of Marex Group Limited and the separate financial statements of Marex Group Limited will depend on the incidence and timing of business combinations occurring on or after 1 April 2010.

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

1 Accounting policies (continued)

The IASB issued amendments to IAS 32 'Financial Instruments: Presentation' and IAS 1 – 'Puttable Financial Instruments and Obligations Arising on Liquidation', on 14 February 2008. The amendments are applicable for annual periods beginning on or after 1 January 2009. Marex Group Limited does not expect the adoption of this amendment to have a significant effect on the consolidated financial statements or the separate financial statements of Marex Group Limited.

The IASB issued 'Improvements to IFRSs' on 22 May 2008, which comprises a collection of necessary, but not urgent, amendments to IFRSs. The amendments are primarily effective for annual periods beginning on or after 1 January 2009, with earlier application permitted. Marex Group Limited does not expect adoption of the amendments to have a significant effect on the consolidated financial statements or the separate financial statements of Marex Group Limited.

The IASB issued amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 27 – 'Determining the cost of an Investment in the Separate Financial Statements', on 22 May 2008.

The amendments are effective for annual periods beginning on or after 1 January 2009 and are not expected to have a significant effect on the separate financial statements of Marex Group Limited and will have no effect on the consolidated financial statements.

The IASB issued an amendment to IAS 39 – 'Eligible Hedged Items' on 31 July 2008, which is applicable for annual periods beginning on or after 1 July 2009. The amendment clarifies how the existing principles underlying hedge accounting should be applied. This amendment will have no effect on the consolidated financial statements or the separate financial statements of Marex Group Limited.

IFRIC 15 'Agreements for the Construction of Real Estate' ('IFRIC 15') was issued on 3 July 2008 and is effective for annual periods beginning on or after 1 January 2009. IFRIC 15 provides guidance on the recognition of revenue among real estate developers for sales of units. Marex Group Limited does not expect adoption of IFRIC 15 to have a significant effect on Marex Group Limited's consolidated financial statements. This interpretation will have no effect on the separate financial statements of Marex Group Limited.

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' ('IFRIC 16') was issued on 3 July 2008 and is effective for annual periods beginning on or after 1 October 2008. IFRIC 16 provides guidance on accounting for the hedge of a net investment in a foreign operation in an entity's consolidated financial statements. The main change introduced by IFRIC 16 is to eliminate the possibility of an entity applying hedge accounting for a hedge of foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. The adoption of IFRIC 16 will have no effect on Marex Group Limited consolidated financial statements.

IFRIC 17 'Distributions of Non-cash Assets to Owners' ('IFRIC 17') was issued on 27 November 2008 and is effective for annual periods beginning on or after 1 July 2009. IFRIC 17 provides guidance on how distributions of assets other than cash as dividends to shareholders should be accounted for. Marex Group Limited does not expect adoption of IFRIC 17 to have a significant effect on its consolidated financial statements or the separate financial statements of Marex Group Limited.

IFRIC 18 'Transfers of Assets from Customers' ('IFRIC 18') was issued on 29 January 2009 and is required to be applied prospectively to transfers of assets from customers received on or after 1 July 2009. IFRIC 18 clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). Marex Group Limited does not expect adoption of IFRIC 18 to have an effect on its consolidated financial statements or the separate financial statements of Marex Group Limited.

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

2 Revenue Analysis

	Commodities	Financial Products	EasyScreen	Total
	2009	2009	2009	2009
	£'000	£'000	£'000	£'000
<i>Revenue</i>				
Broker dealer activities	47,038	24,901	-	71,939
Trading	-	1,184	-	1,184
Software fees	-	-	2,317	2,317
Other	-	3,522	-	3,522
Total	47,038	29,607	2,317	78,962

	Commodities	Financial Products	EasyScreen	Total
	2008	2008	2008	2008
	£'000	£'000	£'000	£'000
<i>Revenue</i>				
Broker dealer activities	42,030	21,175	-	63,205
Trading	271	2,534	-	2,805
Software fees	-	-	2,132	2,132
Other	-	3,541	-	3,541
Total	42,301	27,250	2,132	71,683

3 Other operating (expense)/income

	2009	2008
	£'000	£'000
Foreign exchange revaluation (loss)/gain	(174)	2,545

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

4 Operating profit

	2009 £'000	2008 £'000
This has been arrived at after charging:		
Staff costs (see note 5)	38,328	36,571
Depreciation	1,577	1,653
Amortisation	195	46
Loss on disposal of fixed assets	-	580
Loss on disposal of Group undertaking	-	17
Payments under Operating leases	1,951	1,899
Auditors remuneration - auditors services	334	330
- non audit services	58	159
	<u>38,328</u>	<u>36,571</u>

Audit fees for the Company for the year ended 31 March 2009 and the prior year were borne by a subsidiary undertaking.

5 Staff costs

	2009 £'000	2008 £'000
Staff costs (including directors) comprise:		
Wages and salaries	33,610	32,786
Short-term non-monetary benefits	583	419
Defined contribution pension cost	399	375
Employer's national insurance contributions and similar taxes	3,736	2,991
	<u>38,328</u>	<u>36,571</u>

Included in wages and salaries is a total expense of share based payments of £2,211,000 (2008 - £1,649,000), which arises from transactions accounted for as equity-settled share-based payment transactions.

A total of 2,441,495 (2008 - 2,499,073) shares based awards were granted during the year

The average number of employees, including directors, during the year was 220 (2008 - 243).

The remuneration for directors for their services to the Group, for the period that they were directors of Marex Group Limited were as follows

Directors' remuneration

	2009 £'000	2008 £'000
Directors' emoluments	5,276	769
Short-term non-monetary benefits	4	2
Defined contribution pension cost	26	8
	<u>5,306</u>	<u>779</u>

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

5 Staff costs (continued)

Directors' remuneration (continued)

The remuneration of the highest paid director for his services to the Group, for the period that he was a director of Marex Group Limited was £2,466,833 (2008 - £751,000). Group pension contributions of £17,640 (2008 - £8,000) were made on his behalf, whilst he was a director of Marex Group Limited.

6 Finance Income (net)

	2009 £'000	2008 £'000
Interest receivable from brokers	2,115	5,566
Interest receivable from counterparties	1,030	506
Interest receivable from warrant financing	3,639	4,761
Bank interest receivable	6,106	10,035
	<hr/>	<hr/>
Finance revenue	12,890	20,868
	<hr/>	<hr/>
Interest payable to clients	(3,850)	(10,036)
Interest payable to brokers	(585)	(355)
Bank interest payable	(2,886)	(3,192)
	<hr/>	<hr/>
Finance expense	(7,321)	(13,583)
	<hr/>	<hr/>
Finance Income (net)	5,569	7,285
	<hr/>	<hr/>

7 Net loss from acquisition and restructuring

This relates to run-off expenses post the transfer, consolidation and restructuring of the various businesses acquired as a transfer of assets to the Group on 20 January 2006.

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

8 (a) Tax expense

	2009	2008
	£'000	£'000
<i>Current tax expense</i>		
UK corporation tax and income tax of operations on profits for the year	8,297	9,234
Adjustment in respect of prior year	(1,045)	490
Sub-total	<u>7,252</u>	<u>9,724</u>
UK corporation tax in respect of joint ventures	-	72
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	(139)	(120)
Change in effective future tax rate	-	(11)
Tax charge in income statement	<u>7,113</u>	<u>9,665</u>
 Tax charge relating to items charged to equity	 <u>447</u>	 <u>811</u>

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

8(b) Reconciliation of the total tax charge

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year/period are as follows:

	2009 £'000	2008 £'000
Profit before tax	26,326	24,703
Expected tax charge based on the standard rate of corporation tax in the UK of 28%/30%	7,371	7,411
Effect of		
Expenses not deductible for tax purposes	169	518
Prior year adjustment	(1,045)	490
Share-based award expense not deductible	618	496
Deferred bonuses	-	750
Total tax charge	7,113	9,665

8(c) Deferred tax liability

	2009 £'000	2008 £'000
Accelerated capital allowances	(237)	(98)
Revaluation of available for sale financial assets	1,282	1,729
Total deferred tax liability	1,045	1,631
	2009 £'000	2008 £'000
At 1 April	1,631	936
Acquired during the year	-	15
Credited to the income statement	(139)	(131)
(Credited)/Charged to the revaluation reserve for the year	(447)	811
At 31 March	1,045	1,631

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

8(d) Unrecognised deferred tax asset

The following deferred tax asset has not been recognised:

	2009 £'000	2008 £'000
Share-based expense	1,112	496
Deferred bonuses	707	750
Total	1,819	1,246

This asset has not been recognised as it cannot be foreseen when the items will become taxable.

9 Property, plant and equipment

Group:	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation:				
At 1 April 2008	2,293	3,590	861	6,744
Additions	94	724	89	907
Reclassification	-	(277)	(8)	(285)
At 31 March 2009	2,387	4,037	942	7,366
Depreciation:				
At 1 April 2008	552	1,860	473	2,885
Charge for the year	540	790	247	1,577
Reclassification	-	(56)	-	(56)
At 31 March 2009	1,092	2,594	720	4,406
Net book value:				
At 31 March 2009	1,295	1,443	222	2,960
Net book value:				
At 31 March 2008	1,741	1,730	388	3,859

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

10 Intangible assets

Group:	Goodwill £'000	Software development £'000	Total £'000
Cost:			
At 1 April 2008	3,623	311	3,934
Reclassification	-	285	285
Additions	-	575	575
At 31 March 2009	3,623	1,171	4,794
Depreciation:			
At 1 April 2008	-	129	129
Reclassification	-	56	56
Charge for the year	-	195	195
At 31 March 2009	-	380	380
Net book value:			
At 31 March 2009	3,623	791	4,414
Net book value:			
At 31 March 2008	3,623	182	3,805

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

11 Investments

Non current asset investments Group:

	Unlisted investments £'000
Cost or valuation:	
At 1 April 2008	14,502
Revaluation	(1,595)
At 31 March 2009	12,907

Unlisted investments represent memberships, seats and interests in investment exchanges are classified as available for sale financial assets and are recorded at market value with changes in fair value reported in equity. All other unlisted investments are recorded at cost less any provision for impairment.

The market value for unlisted investments is determined as the latest available traded price.

The principal subsidiaries of Marex Group Limited as at 31 March 2009 are as follows:

Principal Subsidiary undertakings held directly:

Name	Country of incorporation	Class	Proportion of ownership interest	Nature of business
Marex Financial Limited	United Kingdom	Ordinary shares	100%	Commodities and financial instruments broker
Marex Services Limited (formerly Marex Trading Services Limited)	United Kingdom	Ordinary shares	100%	Facilities company
EasyScreen Limited	United Kingdom	Ordinary shares	100%	Technology services

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

11 Investments (continued)

Principal Subsidiary undertakings held indirectly:

Name	Country of incorporation	Class	Proportion of ownership interest	Nature of business
Marex Financial Suisse SA	Switzerland	Ordinary shares	60%	Futures broking
Marex Trading Services (Gibraltar) Limited	Gibraltar	Ordinary shares	100%	Provision of facilities to traders
Marex USA Limited (Formerly Marex Carlton Limited)	United Kingdom	Ordinary shares	100%	Commodities broking

Company

	2009 £'000	2008 £'000
As at 1 April	105,249	102,198
Additions in year	2,311	3,051
As at 31 March	107,560	105,249
Consists of:	2009 £'000	2008 £'000
Investment in Marex Financial Limited	104,385	102,198
Investment in Marex Trading Limited (formerly Marex Trading Services Limited)	3,051	3,051
Investment in EasyScreen Limited	124	-
	107,560	105,249

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

11 Investments (continued)

Joint ventures

At 1 April 2007 the Group had a 50% interest in a joint venture, Marex USA Limited (formerly Marex Carlton Limited), which is a commodities broker. The joint venture was accounted for using the equity method. As at 1 September 2007 the Group acquired the remaining 50% interest for £4,618,000. The consideration was settled in cash, £1,018,000 and convertible loan notes, £3,600,000. The loan notes were converted on 2 October 2008 into ordinary C shares in Marex Group Limited and the loan notes were cancelled. As a result Marex Group Limited has made a Capital Contribution of £3,600,000 to the Marex Financial Limited.

The Group also acquired the capital of Carlton Commodities 2004 LLP for cash consideration of £3,500,000 (note 10).

The details of the fair value of the identifiable net assets acquired of Marex USA Limited (formerly Marex Carlton Limited), purchase consideration, and goodwill purchased are as follows:

Provisional Fair value of assets acquired	£'000
Fair value of net assets acquired – 50% of £1,990,000	995
	<hr/>
Fair value of consideration paid:	
Cash	1,018
Loan notes	3,600
	<hr/>
	4,618
	<hr/>
Goodwill purchased	3,623
	<hr/>

The following represents the revenue and results of Marex USA Limited (formerly Marex Carlton Limited) up to 1 September 2007:

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

11 Investments (continued)

	1 Apr 2007 to 31 Aug 2008 £'000
Revenue	1,693
Administrative expenses	(1,291)
Profit before tax	<u>402</u>
Tax	(144)
Profit after tax	<u>258</u>
Share of joints venture profit before tax:	<u>201</u>
Cash	908
Fixed assets	559
Current assets	1,248
Current liabilities	(710)
Deferred tax	(15)
	<u>1,990</u>

For the above acquisition the assets and liabilities of the acquired trade or business are reflected at their carrying amounts, no adjustment has been made to reflect fair values and no non-existing goodwill has been recognised.

12 Inventory

Group:	2009 £'000	2008 £'000
Investment in metal warrants	<u>84,611</u>	<u>167,040</u>

The above investments relate to metal warrant positions, and are accounted for at market value. £48,173,000 (2008 - £145,792,000) of the warrants are held by a bank as collateral against cash borrowings.

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

13 Trade receivables

Group:	2009 £'000	2008 £'000
Amounts due from exchanges, clearing houses and other counterparties		
– fair value of transactions	518,581	398,101
Deposits with exchange and clearing houses	7,775	6,366
Other debtors	4,559	6,503
Loans receivable	64	86
Other tax and social security taxes	463	2,665
Prepayments	1,482	1,143
	<u>532,924</u>	<u>414,864</u>

Amounts due from exchanges, clearing houses and other counterparties are stated after deducting an impairment provision of £4,768,000 (2008 - £3,014,000).

The movement in the impairment provision is as follows:

	2009 £'000	2008 £'000
At 1 April	3,014	-
Charged to the income statement for the year	682	3,014
Foreign currency revaluation	1,072	-
	<u>4,768</u>	<u>3,014</u>

14 Cash and cash equivalents

Included in cash and cash equivalents are balances of £189,230,147 (2008 - £107,859,620) held by the Group on behalf of clients in accordance with the client money rules of the Financial Services Authority.

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

15 Trade payables

Group:	2009 £'000	2008 £'000
Amounts due to clients – fair value of client transactions	737,808	550,399
Other tax and social security taxes	730	817
Accruals	28,468	23,114
Bank borrowings	41,889	125,012
Other	486	883
	<u>809,381</u>	<u>700,225</u>

Bank borrowings are all repayable within 1 year of the balance sheet date.

16 Provisions

	2009 £'000	2008 £'000
At 1 April	751	1,176
(Credited)/charged to profit or loss	(326)	250
Utilised during the year	(425)	(675)
	<u>-</u>	<u>751</u>
At 31 March	-	751
	<u>-</u>	<u>751</u>
Due within one year or less	-	751
	<u>-</u>	<u>751</u>

The above provision as at 1 April 2008 represented the directors' best estimate of the cost of the dilapidations in respect of a lease on a leasehold property vacated by the Group during the year ended 31 March 2007. The cost of dilapidations was settled with the Landlord during the year ended 31 March 2009.

17 Financial instruments

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks – market risk (foreign currency risk, interest rate risk, volatility in the markets in which the Group operates), credit risk and liquidity risk.

The Group manages these risks through various control mechanisms and its approach to risk management is both prudent and evolving.

Overall responsibility for risk management rests with the Board. Dedicated resources within the Risk Management department control and manage the exposures of the Group's positions, the positions of its clients and its exposures to its counterparties on the basis of policies adopted by the Board. The continued appropriateness of risk policies is reviewed both by the Board and by senior management on a regular basis.

Foreign currency risk

As the majority of the revenue generated in the Group is US dollars, whereas the balance sheet is reported GBP, the Group is subject to currency risk. In addition, foreign currency market risk is also derived from the Foreign Exchange ("FX") desk.

The Group has mitigated the risk of a loss as a result of accounting of transactions that occur in US\$ by the purchase of a series of forward exchange contracts to sell a proportion of US\$ income forward at regular monthly intervals at a fixed US\$ to GBP exchange rate. Non-GBP balance sheet exposures are monitored daily, and, where appropriate, converted to GBP.

The Group aims to mitigate foreign exchange risk generated by the FX desk by setting pre-determined limits and by daily review and monitoring of the currency positions and exposures within such agreed limits.

As a result of this, the Group does not expect any significant adverse on the profit and loss due to fluctuations in foreign exchange rates.

Interest rate risk

The Group is exposed to interest rate risk on cash and investment balances it holds, client balances, loan payable and bank borrowings.

The Group views that the main interest rate risk is derived from interest bearing deposits in which the Group invests surplus funds, and bank borrowings. Management forms a view of interest rate expectation before placing amounts.

17 Financial instruments (continued)

Market Risk

The level or volatility of the markets in which the Group operates can adversely affect its ability to meet its business objectives and earnings. The market and credit risk management policies of the Group are approved by senior management and the board. A variety of measurement methodologies, including Value at Risk (VaR) and scenario analysis, are used to quantify and assess the levels of market risk to which the Group is exposed.

The Group's overall exposure to market risk is mitigated by its operations as an intermediary on most transactions. As an intermediary, the Group aims to minimise its market risk by matching buyers and sellers. However, from time to time the Group will take the risk of a given trade onto its own books within pre-defined parameters and risk limits which are monitored and controlled by the Risk Department.

All trading instruments are subject to market risk, (the potential that future changes in market conditions may make an instrument less valuable, due to fluctuations in prices), as well as interest and foreign exchange rates. Market risk is directly impacted by the volatility and liquidity in the markets in which the instruments are traded. As the instruments are recognised at fair value, those changes are directly impact reported income.

Although the Group has a significant holding in metal warrants, the market risk is mitigated by hedging these warrants using futures and options trades.

Concentration risk

In order to avoid excessive concentrations of risk with respect to cash investments, the Group maintains a diversified portfolio of cash investments and, in accordance with the Treasury investment policy, no single institution can hold more than 40% of liquid funds.

To mitigate the concentration of credit risk exposure to a particular single customer or counterparty or group of affiliated customers or counterparties, the Group monitors these exposures carefully and ensures that these remain within pre-defined limits. Action is taken to reduce exposures if they exceed limits set by the Risk Management Department.

Liquidity risk

The Group defines liquidity risk as the failure to have sufficient financial resources to meet its day to day capital and cashflow requirements.

To mitigate liquidity risk the Group has implemented robust cash management policies and procedures to ensure that margin obligations at exchanges and clearing houses are met in full and there are strict guidelines followed in relation to the products and the duration into which excess liquidity can be invested.

The Group's liquidity is monitored daily within agreed procedures designed to ensure that the Group has sufficient liquidity to fully meet its margin requirement at exchanges and third party brokers.

Excess liquidity is invested in cash deposits with financial institutions for a period of less than three months.

With respect to client balances, as the Group holds matched positions, the liability positions will unwind as the asset positions are realised.

All non-derivative financial assets and liabilities mature, or are repayable, within one year.

17 Financial risk management objectives and policies (continued)

All of the financial assets of the Group are either based upon floating rates or upon fixed rates with an interest term of less than three months. The financial liabilities are based upon rates set on a daily basis, apart from the financing of the warrant positions where the rates are set for the term of the loan. For assets not marked to market there is no material difference between the carrying value and fair value.

Other risk management

In addition to the financial risks above the Group is also exposed to operational, compliance, legal and reputational risk.

Operational risk

Operational risk is the risk of loss arising through failures associated with personnel, processes or systems, or from external events. It is inherent in every business organisation and covers a wide spectrum of issues. First line operational risk is managed through systems and procedures in which processes are documented, authorisation is independent, and transactions are monitored and reconciled.

The Group maintains contingency facilities to support operations and ensure business continuity. These facilities are regularly tested.

Compliance, legal and reputational risk

Compliance or regulatory risk arises from a failure or inability to comply with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance can lead to fines, public reprimands, enforced suspensions of services, or in extreme cases, withdrawal of authorisation to operate.

Companies within the Group are subject to authorisation by the Financial Services Authority ("FSA") and their regulatory requirements governing the UK financial services industry, and the by the National Futures association ("NFA") in the US and their regulatory requirements.

A key part of the role of the legal function is to identify and, in conjunction with management, manage the legal risks of the Group. Legal risk is managed by use of internal and external legal advisors and the adoption of industry standard documentation.

The maintenance of the Group's strong reputation is key to its continued profitability and is the responsibility of the Board, management and other personnel. In particular, the efficiency and effectiveness of the day-to-day operations of the Group is paramount to its reputation.

17 Financial risk management objectives and policies (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains strong healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group also manages its capital so that it complies with the requirements of the regulatory authorities, as well as ensuring its capital base is adequate to cover the risks inherent in the business as defined in its ICAAP document.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2009 and 31 March 2008.

Marex Financial Limited is regulated by the FSA as a BIPRU 730k Investment firm.

Marex Financial Limited has fully complied with its externally imposed capital requirements in the year. The Capital Resources Requirement as at 31 March 2009 was £58,091,000 and £43,702,000 at 31 March 2008. This compares to the Regulatory Capital of £112,355,000 at 31 March 2009 and £102,907,000 at 31 March 2008.

Marex USA Limited (formerly Marex Carlton Limited) is regulated by the FSA as a BIPRU 730k Investment firm. It manages its capital so that it complies with the requirements of the FSA, as well as ensuring its capital base is adequate to cover the risks inherent in the business.

Marex USA Limited (formerly Marex Carlton Limited) has fully complied with its externally imposed capital requirements in the year. The Capital Resources Requirement as at 31 March 2009 was £917,000 and £823,000 at 31 March 2008. This compares to the Regulatory Capital of £2,397,641 at 31 March 2009 and £2,269,000 at 31 March 2008.

Marex USA Limited (formerly Marex Carlton Limited) is also regulated in the US by the NFA and has fully complied with its externally imposed capital requirements in the year. As at 31 March 2009, under the requirements of the NFA the adjusted net capital was £657,342 (\$940,000) and the capital requirement was £350,000 (\$500,000). As at 31 March 2008 Marex USA Limited (formerly Marex Carlton Limited) was not regulated by the NFA.

17 Financial risk management objectives and policies (continued)

Fair value of Financial Instruments

Set out below is a comparison by category of carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	Book and Fair Value 2009 £'000	Book and Fair value 2008 £'000
Financial Assets		
Fair value through Profit and loss:		
Cash and cash equivalents	269,302	227,670
Amounts due from exchanges, clearing Houses and other counterparties		
– fair value of transactions	518,581	398,101
Deposits with exchanges	7,775	6,366
Derivative financial instruments	40,068	39,778
	<hr/>	<hr/>
	835,726	671,915
	<hr/>	<hr/>
Available for sale:		
Investments	12,907	14,502
	<hr/>	<hr/>
At Amortised cost:		
Loans receivable	64	86
	<hr/>	<hr/>
Total	848,697	686,503
	<hr/>	<hr/>
	Book and Fair Value 2009	Book and Fair Value 2008
	£'000	£'000
Financial Liabilities		
Fair value through Profit and loss:		
Bank overdrafts	52	179
Amounts due to clients – fair value of client transactions	737,808	550,399
Derivative financial instruments	4,250	36,200
	<hr/>	<hr/>
	742,110	586,778
	<hr/>	<hr/>
At Amortised cost:		
Bank borrowings	41,889	125,013
	<hr/>	<hr/>
Total	783,999	711,791
	<hr/>	<hr/>

17 Financial risk management objectives and policies (continued)

Credit risk

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

Credit risk in the Group principally arises from cash and cash equivalents deposited with third party institutions, exposures from transactions and balances with exchanges and clearing houses, and exposures resulting from transactions and balances relating to customers and counterparties, some of which have been granted credit lines.

The Group only makes treasury deposits with banks and financial institutions that have received the necessary approval by the Group's Risk Management Committee. These deposits are also subject to counterparty limits with respect to concentration and maturity.

The Group's exposure to customer and counterparty transactions and balances is managed through the Group's credit risk policies and, where appropriate, the use of initial and variation margin credit limits in conjunction with overall position limits for all customers and counterparties. These exposures are monitored both intraday and overnight.

The table below shows the credit quality of the Group's financial assets:

	2008	2008
	£'000	£'000
(Fitch ratings or equivalent S&P/Moody's ratings)		
Fair value of amounts due from exchanges, clearing houses and other counterparties		
Rated AA+	-	65
AA	13,438	17,281
AA-	409,351	48,377
A+	9,985	167
A	22,993	7,160
A-	-	9
BBB+	17,268	8,299
Lower rated and unrated	53,321	323,109
	526,356	404,467
(Fitch ratings or equivalent S&P/Moody's ratings)		
Cash balances		
Rated AA+	331	-
AA	228	39,439
AA-	201,818	165,065
A+	56,846	6,911
A	2,258	-
A-	7,106	3,123
Lower rated and unrated	715	13,132
	269,302	227,670

17 Financial risk management objectives and policies (continued)

Concentration risk

The largest concentration of cash balances as at 31 March 2009 was 18.6% (2008: 39.1%) of the total investment portfolio to a UK based AA- rated banking group.

The largest concentration of exposures to exchanges, clearing houses and other counterparties exposures as at 31 March 2009 was 73.1% (2008: 45.9%) to a single UK based AA- rated clearing house.

Interest rate sensitivity analysis

The Group's exposure to interest rate fluctuations is limited through the off-set that exists between the bulk of its interest bearing assets and interest bearing liabilities. Since the return paid on client liabilities is generally reset to prevailing market interest rates on an overnight basis the Group is only exposed for the time it takes to reset its investments which are held at rates fixed for a maturity which does not exceed three months.

The following table shows the estimated impact on profit after tax for the interest bearing financial instruments held at the balance sheet date:

	+/- 25 bps interest rate		+/- 50 bps interest rate	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Impact on profit before tax	311/(311)	321/(321)	622/(622)	642/(642)
Tax effect of above	(87)/87	(90)/90	(174)/174	(180)/180
Impact on profit after tax	224/(224)	231/(231)	448/(448)	462/(462)

17 Financial risk management objectives and policies (continued)

Foreign exchange sensitivity

The majority of the Group's net assets are in GBP which minimises the effect exchange rate fluctuations will have on overall net assets.

The table below summarises the foreign exchange exposure on the net monetary position of the Group, expressed in sterling, and the effect of a reasonable shift of the relevant exchange rates on the Group's reported net assets.

	2009	2009	2008	2008
	US\$	Euro	US\$	Euro
	£'000	£'000	£'000	£'000
Net exposure	(5,370)	(1,262)	15,751	10,695
Reasonable shift	10.3%	8.7%	3.4%	3.5%
Total effect on profit of positive movements	(553)	(110)	535	374
Total effect on profit of negative movements	553	110	(535)	(374)

Market risk sensitivity

As principally an intermediary, the Group's market risk exposure is modest. It manages this market risk exposure using sophisticated risk management techniques within pre-defined and independently monitored parameters and limits.

The Group uses a range of tools to monitor and limit market risk exposures. These include value at risk ("VaR") sensitivity analysis and stress testing

Value at risk

VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The VaR models used by the Group are based upon both Monte Carlo and historic simulations. These models derive plausible future scenarios from past series of recorded market rates and prices, taking account of inter-relationships between different markets and rates, including interest rates and foreign exchange rates. These models also incorporate the effect of option features on the underlying exposures.

The historical simulation model used by the Group incorporates the following features:

- potential market movements are calculated with reference to data from the past 250 days;
- historical markets rates and prices are calculated with reference to foreign exchange rates and commodity prices, interest rates and the associated volatilities; and
- VaR is calculated to a 1 day 99.5% one tail confidence level and multiplied by the square root of time to calculate the VaR for a 10 day holding period.

The Monte Carlo simulation model used by the Group incorporates the following features:

- 1,000 simulations using a variance covariance matrix;
- simulations generated using geometric Brownian motion;
- joint estimation is done using regulatory variance covariance, i.e no decay factor is applied. The estimation period is 250 days; and
- VaR is calculated to a 1 day, 99.5% one tail confidence level, multiplied by the square root of time to calculate the 10 day holding period;

The Group validates the VaR by comparing to alternative risk measures, for example, scenario analysis and exchange initial margins.

17 Financial risk management objectives and policies (continued)

Although a valuable guide to risk, VaR should always be viewed in the context of its limitations, for example:

- the use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;
- the use of a 10 day holding period assumes that all positions can be liquidated or hedged in 10 days. This may not fully reflected the market risk arising at times of severe liquidity, when a 10-day holding period may be insufficient to liquidate or hedge all positions fully;
- the use of a 99.5% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence;
- the VaR, disclosed below, is calculated on the basis of exposures outstanding at the close of business and therefore does not necessarily reflect intra-day exposure; and
- VaR is unlikely to reflect loss potential on exposures that only arise under significant market moves.

The Group recognises these limitations by augmenting its VaR limits with other position and sensitivity limit structures. The Group also applies a wide range of stress testing, both on individual portfolios and on the Group's consolidated positions.

The table below summarises the market risk exposure using VaR. This is a portfolio number based on the Group's market exposure as at the balance sheet date. This is considered a stressed number based on the extended theoretical holding period.

	2009	2008
	£'000	£'000
VaR (99.5% confidence Interval and 10- day holding period)	1,447	3,451

The historical data on which the 2009 figure is based covers a particularly volatile period. The trend in the Group's market risk exposure has been reducing and the average month end figure during the year to 31 March 2009 on a 10 day basis being £2,279,903.

The VaR at 31 March 2009 decreased compared with 31 March 2008 due to the difficult market conditions resulting in the Group taking on less risk.

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

17 Financial risk management objectives and policies (continued)

Amounts included in the Income Statement in relation to financial instruments

	2009 £'000	2008 £'000
Interest income on assets held at fair value	12,890	20,868
Interest expense on liabilities held at amortised cost	(7,321)	(13,583)
Net interest income	5,569	7,285
Net loss on foreign exchange forward contracts	(575)	-
Total	4,994	7,285

18 Share capital

	Authorised 2009 Number		Authorised 2008 Number	
	2009 £		2008 £	
Ordinary "A" shares of £1 each	125,000,000	125,000,000	125,000,000	125,000,000
Ordinary "B" shares of £0.0001 each	10,000,000	1,000	10,000,000	1,000
Ordinary "C" shares of £0.0001 each	10,000,000	1,000	10,000,000	1,000
	Issued and fully paid 2009 Number		Issued and fully paid 2008 Number	
	2009 £		2008 £	
At 31 March				
Ordinary "A" shares of £1 each	100,000,000	100,000,000	100,000,000	100,000,000
Ordinary "B" shares of £0.0001 each	7,239,948	724	7,123,282	712
Ordinary "C" shares of £0.0001 each	2,533,061	253	2,533,061	253

During the year 116,666 ordinary £0.0001 "B" shares were issued at par.

The rights of the Ordinary shares are as follows:

"A" share: Full voting rights and right to participate in ordinary dividends, pari passu with "C" Shares, in accordance with the specified return for each class of shares. In the event of a winding up or special dividend, "A" Shares will recover their invested capital in priority to "C" Shares and following recovery of the "C" Shares invested capital, will rank pari passu with such "C" Shares.

"B" shares: No voting rights, unless in respect of class rights. Right to participate in winding up and dividends is pro-rata with "A" Shares and "C" Shares after recovery by "A" Shares and "C" Shares of their invested capital plus specified return.

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

18 Share capital (continued)

"C" shares: Full voting rights and right to participate in ordinary dividends, pari passu with "A" Shares, in accordance with the specified return for each class of shares. In the event of a winding up or special dividend, "C" Shares will recover their invested capital following recovery by the "A" Shares of their invested capital and then will rank pari passu in recovery with the "A" Shares.

19 Share-based awards

The Group operates an Employee Share Purchase Plan ("the Plan"), for the 2006/7 year and the 2007/8 year, in which the employees of Marex Group participate. Marex Group Limited has applied IFRS 2 to all grants of equity instruments under the Plan.

In accordance with IFRS 2 requirements for share based awards, the value of the shares granted is determined on the grant date, applying a standard industry valuation metric. Vesting conditions are not taken into account when measuring the value, but reflect the number of equity instruments included in the measurement of the transaction such that the amount recognised reflects the number of shares that will actually vest.

	Estimated value expensed in income statement over vesting period £000's	Expense in Profit & loss account for year ended 31/3/09 £000's	Expense in Profit and loss account for year ended 31/3/08 £000's	Number of shares granted
2006/7 Scheme	2,583	704	1,649	2,449,095
2007/8 Scheme	2,466	1,507	-	2,441,495

The awards in Marex Group Limited will be exercised upon a liquidating event in, or the sale of, Marex Group Limited.

The number of shares granted for the 2006/7 scheme has been reduced to 2,449,095 due to employees leaving the scheme.

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

20 Reserves

Group:	Share-based payments reserve 2009 £'000	AFS Reserve 2009 £'000	Profit and Loss 2009 £'000	Share Premium 2009 £'000
At 1 April 2008	1,649	4,490	14,645	3,600
Profit for the year	-	-	19,142	-
Share based payment	2,211	-	-	-
Movement in valuation of unlisted shares	-	(1,595)	-	-
Deferred tax on market value movement of unlisted shares	-	447	-	-
Dividend paid	-	-	(14,315)	-
At 31 March 2009	3,860	3,342	19,472	3,600

	Share-based payments reserve 2008 £'000	AFS Reserve 2008 £'000	Profit and Loss 2008 £'000	Share Premium 2008 £'000
At 1 April 2007	-	2,187	8,853	-
Profit for the year	-	-	15,007	-
Share based payment	1,649	-	-	-
Movement in valuation of unlisted shares	-	3,114	-	-
Deferred tax on market value movement of unlisted shares	-	(871)	-	-
Change in future effective tax rate	-	60	-	-
Dividend paid	-	-	(9,215)	-
Shares issued	-	-	-	3,600
At 31 March 2008	1,649	4,490	14,645	3,600

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

20 Reserves (continued)

Company:	Share-based payments reserve 2009 £'000	Share Premium 2009 £'000	Profit and Loss 2009 £'000
At 1 April 2008	1,649	3,600	7
Profit for the year	-	-	14,741
Share based payment	2,211	-	-
Shares issued	-	-	-
Dividend paid	-	-	(14,315)
At 31 March 2009	3,860	3,600	433

	Share-based payments reserve 2008 £'000	Share Premium 2008 £'000	Profit and Loss 2008 £'000
At 1 April 2007	-	-	(3)
Profit for the year	-	-	9,225
Share based payment	1,649	-	-
Shares issued	-	3,600	-
Dividend paid	-	-	(9,215)
At 31 March 2008	1,649	3,600	7

The following describes the nature and purpose of each reserve within owners' equity

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.
AFS reserve	Cumulative unrealised gains on investments in exchanges that are held as available for sale, recognised in equity.
Share premium	Amount of consideration received over and above par value of shares
Share based payment	Equity arising out of share based awards to employees

Marex Group Limited

Notes to the financial statements for the year ended 31 March 2009 (Continued)

21 Leases

Operating leases - lessee

The Group has entered into commercial leases on certain properties and equipment. The lessee has the options of renewal on each of these leases with a notice period of three to twelve months. There were no restrictions placed upon the lessee by entering into these leases.

The total future minimum lease payments are due as follows:

	Equipment		Land and Buildings	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Not later than one year	696	807	1,202	1,193
Later than one year and not later than five years	719	1,414	4,125	4,772
After five years	-	-	-	1,608
	<u>1,415</u>	<u>2,221</u>	<u>5,327</u>	<u>7,573</u>

22 Company financial statements – Profit for the year

As permitted by section 230 of the Companies Act 1985 the Company has elected not to present its Income Statement for the year. Marex Group Limited reported a profit for the year ended 31 March 2009 of £14,741,024 (for the year ended 31 March 2008 profit of £9,225,097). The Company paid dividends of £14,315,457 during the year (2008- £9,215,000).

23 Contingent liabilities and other commitments

As at 31 March 2009 the Group had £123,218,000 (2008 - £90,612,000) of bank guarantees lodged with clearing houses to offset initial margin requirements.

24 Ultimate and immediate parent undertaking

In the directors' opinion, the ultimate, and immediate parent, and controlling party is Marathon Special Opportunity Master Fund Limited. This Company is incorporated in the Cayman Islands and is an investment fund. Its consolidated financial statements are available from its manager, Marathon Asset Management LP (One Bryant Park, 38th Floor, New York 10036, NY, United States of America).

25 Post balance sheet events

Subsequent to the close of business on 31 March 2009 the Company acquired the entire share capital of Marex USA Limited from its subsidiary Marex Financial Limited, at the net book value of the assets.