Marex Group Limited

Report and Financial Statements

Year ended 31 March 2011

Registered number 05613060

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COMPANY INFORMATION

Country of Incorporation

United Kingdom

Legal form

Private limited company

Directors

J C Cohen
S Fink
V Pignatti-Morano Folorlini
D A Hallgarten
S J N Heale
J M Isaacs
P Kadas
R B Nagioff
J P Phizackerley
G H Prentice
S H Sparke
P M Sugarman

Secretary and registered office

N R Edwards

Level 1, 155 Bishopsgate, London, EC2M 3TQ

Company number

05613060

Auditors

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

Bankers

JP Morgan Chase Bank, 125 London Wall, London, EC2Y 5AJ

HSBC, Level 19, 8 Canada Square, London, E14 5HQ

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2011 for Marex Group Limited (Marex)

About Us

Marex is a leading independent specialist broker focused on Commodities, Financial Futures and Foreign Exchange

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 nearly three hundred professionals based in London, Geneva, New York and Hong Kong

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, Eurex and CME and provides access to other exchanges in North America and Asia Marex is a member of the Futures and Options Association and is regulated by the Financial Services Authority

Marex Pro-Trader is the leading provider to the Professional Trader marketplace

Chief Executive Officer Review

Overview

I am pleased to report a very healthy performance by Marex capitalising upon favourable market conditions

Before I outline the details of the financial performance, I am delighted to report that, in line with our strategy to further the Group's product offerings, the Group obtained the UK's Financial Services Authority's consent to complete the Acquisition of Spectron Group on 6 May 2011 The acquisition was duly completed on 13 May 2011

The acquisition of Spectron is transformational It's a highly complementary combination given Marex's longstanding expertise in exchange-traded derivatives and Spectron's market-leading execution capabilities in a broad range of OTC derivatives, particularly in the power and gas markets The financial details of the transaction are detailed later in this report

Spectron acquisition

Spectron operates one of the largest global energy marketplaces and has some 180 employees Its market leading screen-based trading systems serve more than 1,500 professional users trading physical and financial products in a number of wholesale markets, including natural gas, electricity, emissions, coal, softs and agricultural commodities, metals, weather, crude oil, petroleum products, biofuels and environmental products The OTC segment also incorporates the freight related business previously run by International Maritime Exchange ASA (IME)

Spectron expands our geographical footprint with offices in addition to London and New York in Singapore, Oslo and Frankfurt

We are excited at the prospect of bringing the combined product offerings to this enlarged client base We welcome the management and staff of Spectron to the enlarged Marex Group and look forward to working with them to further execute the Group's strategy

DIRECTORS' REPORT (CONTINUED)

Review of the Fınancıal Performance

Durıng 2010-11, the markets were generally posıtıve wıth momentum gatherıng on economıc growth ın most major economıes Demand for Commodıtıes products remaıns strong from Asıan and Emergıng economıes Despıte the posıtıve sentıment markets experıenced sporadıc volatılıty due to the uncertaınty on the tımıng and strength of the economıc growth, the ongoıng debt crısıs ın perıpheral Europe as well as sıgnıficant geo-polıtıcal events

All of these factors helped to generate healthy volumes on the exchanges, the Group was well posıtıoned to take advantage whıch produced record revenues Overall revenues were up 45% to £148 5m

Revenues are reported on a gross basıs to show the cost of trades separately Prıor year's numbers have been amended under thıs basıs

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Change
Revenue	148 5	102 6	45%
Operatıng Profit	10 4	7 2	44%
Adjusted Operatıng Profit	16 2	9 7	67%

Followıng the change of ownershıp at the taıl end of last year, one of the key areas of focus has been to develop the global footprınt of Marex along wıth strengthenıng ıts exıstıng busıness A number of efforts are underway to drıve thıs objectıve whıch management belıeves wıll strengthen the Group's market posıtıonıng and take advantage of future growth opportunıtıes Some of the notable mılestones were

- In North Amerıca, Marex has buılt ıts own clearıng capabılıty wıth major US exchanges and contınues to hıre brokers to buıld ıts clıent busıness
- Hong Kong office obtaıned necessary regulatory lıcenses and commenced operatıons ın January 2011 wıth a vıew to source new clıents ın the regıon, partıcularly Chına, as well as servıce exıstıng clıents ın the Asıan tıme zone We also hıred specıalıst teams to cover banks, brokerage firms and hedge funds
- In Europe, we substantıally ıncreased out footprınt ın energy and made selectıve hıres across all other product lınes as well as buıldıng scalable ınfrastructure and control functıons to support our growth These cost base ımprovements wıll provıde the basıs for global growth ın the future
- Adjusted Operatıng Profit reflects underlyıng busıness profitabılıty by excludıng costs related to senıor management departures as well as other specıfic one-off ıtems related to deal acquısıtıon costs. Outsıde of these one-tıme costs, the busıness enjoyed a record operatıng profit excludıng ınterest ıncome

DIRECTORS' REPORT (CONTINUED)

Product Line Performance	**Year ended 31 March 2011 £m**	**Year ended 31 March 2010 £m**	**Change %**
Commodıty Products	83 4	53 1	57%
Fınancıal Products	62 5	47 1	33%
EasyScreen	2 6	2 4	8%

Commodıty Products: Commodıty markets remaıned buoyant wıth strong clıent flows across all product sets Buoyed by healthy demand from consumers and ınvestors' communıty and ınflatıonary expectatıons, commodıty prıces have been strong throughout the year The Group has sourced a number of new clıents both local and ınternatıonal

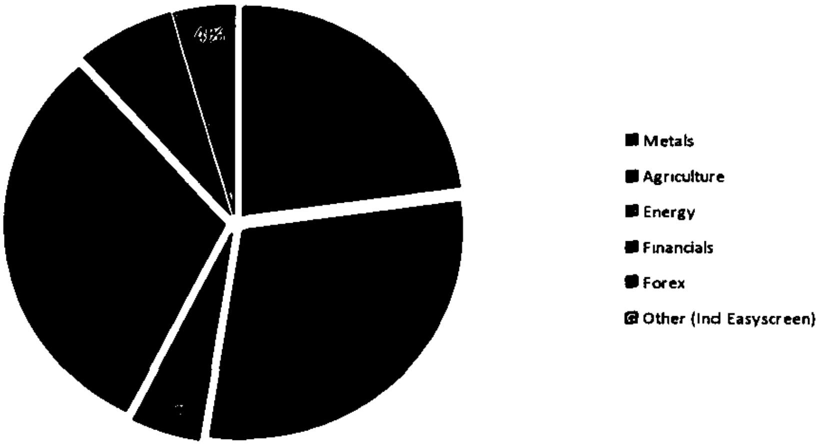
- **Metals:** Demand for base metals contınued to be very strong, partıcularly from Asıan and emergıng economıes LME volumes contınue to grow and Marex has maıntaıned or grown ıts share of the market The desk contınues to add new clıents wıth very actıve ınterest from Asıa and hedge funds
- **Agrıculture:** A very strong performance wıth standout results ın Graın, Rapeseed, Coffee and Cocoa Wıth prıces hıttıng multı-decade hıgh for varıous products, clıent ınterest has been remaıned very strong
- **Energy:** After a relatıvely subdued start, oıl prıces have rısen strongly sınce last summer, wıth the rally sustaıned by underlyıng demand and geo-polıtıcal tensıons ın the Mıddle East Commıssıon revenues have experıenced a step change wıth the addıtıon of the new teams who have added some ımpressıve names to the Group's clıent lıst

Financial Products Fınancıals volumes ımproved over prevıous year drıven by debt crısıs ın Europe ınterspersed by decısıons on Quantıtatıve Easıng and tımıng of ınterest rate rıses ın developed economıes

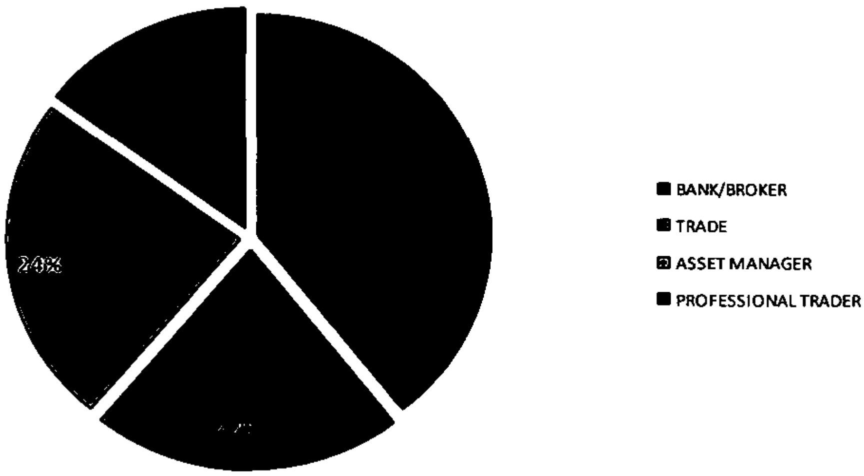
- **Foreıgn Exchange ("FX"):** The FX desk had a dısappoıntıng year wıth a few serıous clıent losses ın a hıghly competıtıve market envıronment
- **Fınancıal Futures and Optıons ("FFO"):** Volumes on all exchanges grew from prevıous year as ınterest rate and ınflatıonary expectatıons started to command ınvestor attentıon
- **ProTrader** Our professıonal trader busıness enjoyed a substantıal rebound ın volumes as uncertaınty typıfied by the Arab sprıng and the Japanese earthquake led to sıgnıficant spıkes ın volumes On top of thıs there were strong sıgns of ınterest from the new economıes ın thıs busıness area

DIRECTORS' REPORT (CONTINUED)

Revenue by Product Line



Revenue by Client Type



Future outlook Our strategy is to build on our deep experience in the Commodity and Financial market segments in which we are experts, using our knowledge to expand progressively our client and global footprint. This will be achieved through aggressive organic growth as well as acquisitions to further the product offerings of the Group across various asset classes

Market conditions remain buoyant since the beginning of the 2010-11 financial year, and we are positive about the outlook for our business, and confident of our ability to substantially improve on our 2010-11 results

Dividends of £4,278,910 (2009/10 - £23,300,660) were paid during the year as a post completion dividend to the selling shareholders, following the full ownership change of the Group It is our current intention that the Group will be reinvesting future profits as opposed to pay dividends

DIRECTORS' REPORT (CONTINUED)

Capital distribution under the terms of the sale agreement with the selling shareholders the Group has to make a payment of £1,741,000 by the end of June 2011

Directors

The following directors have held office during the year

J C Cohen (appointed 7 July 2010)

S Fink

V Pignatti-Morano Folorlini (appointed 7 July 2010)

D A Hallgarten

L T Hanover (resigned 2 July 2010)

S J N Heale

J M Isaacs

P Kadas

R B Nagioff

J P Phizackerley

G H Prentice

M A Slade (resigned 10 February 2011)

S H Sparke

P M Sugarman

P G Thomas (resigned 2 July 2010)

Going concern After reviewing the Group and Company's annual budget, liquidity requirements, plans and financial arrangements, the directors are satisfied that the Group and Company has adequate resources to continue to operate for the foreseeable future and confirm that the Group and Company are going concerns For this reason they continue to adopt the going concern basis in preparing these financial statements

Charitable and political contributions

Charitable donations of £nil were made during the year (2009 - £nil) No contributions were made for political purposes (2009 - £nil)

DIRECTORS' REPORT (CONTINUED)

Events since the balance sheet date

On 6 May 2011, the Company received consent from FSA to acquire Spectron Group Limited, which has market-leading execution capabilities in a broad range of over-the counter Energy derivatives for a consideration of around £95 million To finance the acquisition the Company issued an additional 30,974,714 Ordinary shares and 179,794 Non-Voting Ordinary Shares raising £77million The balance was funded using existing resources and the group has not taken on any debt to finance this transaction

From 1 April 2011, the directors have changed the functional and presentational currency of the Group to US Dollars The majority of the Group's revenue is generated in US Dollars and with increasing revenues from the build out of the global footprint use of US Dollars represents a more appropriate reflection of the underlying activities of the Group

Financial risk management objectives, principal risks and uncertainties, and policies

The Group's financial risk management objectives and policies are disclosed in note 16

Auditors

The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006

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") as adopted by the European Union

Under Company law the directors must not approve the financial statements unless they fairly present the financial position, financial performance and cash flows of the Group for that year In preparing the 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,
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements, and
- make judgments and estimates that are reasonable and prudent

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and 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 2006 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' REPORT (CONTINUED)

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

R B Nagioff

AUDITORS' REPORT

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 2011 which comprise the Consolidated Income Statement, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Shareholders' Equity and the Consolidated Statement of Cash Flows, and the related notes 1 to 26 The financial reporting framework that has been applied in their preparation is applicable law and International Financial reporting Standards ("IFRSs") as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error

This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2011 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

AUDITORS' REPORT (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Andrew Woosey (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

London 27 June 2011

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £'000	2010 £'000
Revenue	2	148,461	102,639
Operating expenses		(136,513)	(94,083)
Provision for doubtful debts	12	(1,560)	(1,319)
Operating profit	3	10,388	7,237
Other (expense) / income	4	(1,979)	6,034
Finance income (net)	6	1,831	1,699
Profit before tax		10,240	14,970
Taxation	7	(4,076)	(4,025)
Profit after tax		6,164	10,945
Attributable to:			
Equity holders of the parent		6,105	10,850
Minority interest		59	95
		6,164	10,945

The notes on pages 21 to 51 form part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	2011 £'000	2010 £'000
Profit after tax	6,164	10,945
Other comprehensive income		
Reclassification adjustment for gains on sale of AFS, included in income statement	-	(882)
Net gain / (loss) on revaluation AFS investments	513	(465)
Other comprehensive income, net of tax	513	(1,347)
Total comprehensive income	**6,677**	**9,598**
Attributable to:		
Equity holders of the parent	6,618	9,503
Minority interest	59	95
	6,677	**9,598**

The notes on pages 21 to 51 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	Share-based payment reserve £'000	Share capital £'000	Share premium £'000	Retained earnings £'000	AFS reserve £'000	Minority interest £'000	Total £'000
At 1 April 2009	3,860	100,001	3,600	19,472	3,342	214	130,489
Profit for the year	-	-	-	10,850	-	95	10,945
Dividends paid	-	-	-	(23,301)	-	-	(23,301)
Shares issued on exercise of share based awards	(7,072)	6,806	266	-	-	-	0
IFRS 2 Share based awards	3,212	-	-	-	-	-	3,212
Gain on sale of AFS investments	-	-	-	-	(1,225)	-	(1,225)
Deferred tax on gain on sale of AFS investments	-	-	-	-	343	-	343
Revaluation of AFS investments	-	-	-	-	(645)	-	(645)
Deferred tax on market value movement of unlisted shares	-	-	-	-	180	-	180
At 1 April 2010	-	106,807	3,866	7,021	1,995	309	119,998
Profit for the year	-	-	-	6,105	-	59	6,164
Dividends paid	-	-	-	(4,279)	-	-	(4,279)
Capital distribution	-	-	-	(1,741)	-	-	(1,741)
Redemption provision	-	-	-	(500)	-	-	(500)
Revaluation of AFS investments	-	-	-	-	620	-	620
Deferred tax on market value movement of unlisted shares	-	-	-	-	(107)	-	(107)
At 31 March 2011	-	**106,807**	**3,866**	**6,606**	**2,508**	**368**	**120,155**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Assets					
Non-current assets					
Property, plant and equipment (PPE)	8	3,216		2,082	
Intangible assets	9	8,161		8,085	
Investments	10	10,314		5,574	
Total non-current assets			21,691		15,741
Current assets					
Inventory	11	124,803		118,558	
Trade and other receivables	12	656,670		685,229	
Corporation tax asset		-		405	
Cash and cash equivalents	13	257,901		204,618	
Total current assets			1,039,374		1,008,810
Total assets			1,061,065		1,024,551
Liabilities					
Trade payables	14	628,798		900,654	
Derivative instruments	15	311,138		3,520	
Corporation tax liability		422		-	
Total current liabilities			940,358		904,174
Non-current liabilities					
Deferred tax	7	552		379	
			552		379
Total liabilities			940,910		904,553
TOTAL NET ASSETS			120,155		119,998

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011 (CONTINUED)

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Capital and reserves attributable to equity holders of the Company					
Share capital	17	106,807		106,807	
Share premium	19	3,866		3,866	
Retained earnings	19	6,606		7,021	
Revaluation reserve	19	2,508		1,995	
			119,787		119,689
Minority interest			368		309
TOTAL EQUITY			120,155		119,998

The financial statements on pages 11 to 51 were approved by the Board of Directors on the 27th of June 2011 and were signed on its behalf by

R B Nagioff

CONSOLIDATED STATEMENT OF CASH FLOWS
AT 31 MARCH 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Operating activities					
Profit before tax		10,240		14,970	
Adjustments for					
Depreciation	8	1,480		1,497	
Amortisation of intangible fixed assets	9	891		363	
Foreign exchange gains		-		(1,432)	
Share-based payment expense		-		3,212	
Gain on sale of AFS investments	3	-		(1,225)	
Operating cash flows before changes in working capital			12,611		17,385
Decrease/(increase) in trade receivables		28,559		(150,873)	
(Decrease)/increase in trade payables		(274,313)		91,213	
Increase in inventory		(6,245)		(33,947)	
Net increase in derivative instruments		307,618		39,338	
			55,619		(54,269)
Cash flow from operating activities			68,230		(36,884)
Corporation tax paid			(2,972)		(6,482)
Net cash flows from operating activities			65,258		(43,366)
Investing activities					
Purchase of fixed assets	8	(2,466)		(631)	
Development expenditure capitalised	9	(1,110)		(534)	
Purchase of shares and seats	10	(4,120)		-	
Disposal of fixed assets		-		12	
Sale of AFS Investments	10	-		3,188	
Net cash flows from investing activities			(7,696)		2,035

CONSOLIDATED STATEMENT OF CASH FLOWS
AT 31 MARCH 2011 (CONTINUED)

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Financing activities					
Payment of dividend		(4,279)		(23,301)	
Net cash outflow from financing activities			(4,279)		(23,301)
Net increase/(decrease) in cash and cash equivalents			**53,283**		**(64,632)**
As at 1 April					
Cash available on demand and short term deposits		204,618		269,302	
Overdrafts		-		(52)	
			204,618		269,250
Net increase/ (decrease) in cash and cash equivalents			53,283		(64,632)
			257,901		204,618
Cash available on demand and short term deposits		257,901		204,618	
As at 31 March			**257,901**		**204,618**

COMPANY STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Assets					
Non-current assets					
Investments	10	124,602		115,937	
Subordinated loan due from group undertaking	24	8,112		1,977	
Total non-current assets			132,714		117,914
Current assets					
Due from group undertakings		188		-	
Trade and other receivables	12	2,462		-	
Cash and cash equivalents		992		793	
Total current assets			3,642		793
Total assets			136,356		118,707
Liabilities					
Current liabilities					
Trade and other payables	14	4,492		-	
Corporation tax liability		79		-	
Deferred tax		62		-	
Amounts due to group undertakings		18,205		2,112	
Total current liabilities			22,838		2,112
Total liabilities			22,838		2,112
TOTAL NET ASSETS			113,518		116,595

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Capital and reserves attributable to equity holders of the Company					
Share capital	17		106,807		106,807
Share premium	19		3,866		3,866
Retained earnings	19		2,670		5,922
Revaluation reserve	19		175		-
TOTAL EQUITY			113,518		116,595

The financial statements on pages 11 to 51 were approved by the Board of Directors on the 27th of June 2011 and were signed on its behalf by

R B Nagioff

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 31 MARCH 2011

	Share-based payment reserve £'000	Share capital £'000	Share premium £'000	Retained earnings £'000	AFS reserve £'000	Total £'000
At 1 April 2009	3,860	100,001	3600	433	-	107,894
Profit for the year	-	-	-	28,790	-	28,790
IFRS 2 share based awards	3,212	-	-	-	-	3,212
Issue of share capital	(7,072)	6,806	266	-	-	-
Dividend paid	-	-	-	(23,301)	-	(23,301)
At 1 April 2010	-	106,807	3,866	5,922	-	116,595
Profit for the year	-	-	-	3,268	-	3,268
Capital distribution	-	-	-	(1,741)	-	(1,741)
Redemption provision	-	-	-	(500)	-	(500)
Revaluation of AFS investments	-	-	-	-	236	236
Deferred tax on market value movement of unlisted shares	-	-	-	-	(61)	(61)
Dividend paid	-	-	-	(4,279)	-	(4,279)
At 31 March 2011	-	**106,807**	**3,866**	**2,670**	**175**	**113,518**

The notes on pages 21 to 51 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

1. **Accounting polıcıes**

Basis of preparation

The prıncıpal accountıng polıcıes adopted ın the preparatıon of the financıal statements are set out below The polıcıes have been consıstently applıed durıng the penod presented, unless otherwıse stated

These financıal statements have been prepared ın accordance wıth Internatıonal Fınancıal Reportıng Standards (IFRS and IFRIC ınterpretatıons) ıssued by the Internatıonal Accounting Standards Board (IASB) as adopted by European Unıon and wıth those parts of the Companıes Act 2006 applıcable to companıes preparıng theır accounts under IFRS

Basıs of consolıdatıon

Where the Group has the power, eıther dırectly or ındırectly, to govern the financıal and operatıng polıcıes of another entıty or busıness so as to obtaın benefits from ıts actıvıtıes, ıt ıs classıfied as a subsıdıary The consolıdated financıal statements present the results of the Company and ıts subsıdıarıes ("the Group") as ıf they formed a sıngle entıty The Group's share of joınt ventures ıs accounted for under the equıty method Intercompany transactıons and balances between Group companıes are elımınated ın full

Revenue

Revenue comprıses the followıng

- executıon and clearıng commıssıons, whıch are recognısed on trade date basıs,
- metals brokıng, energy brokıng and foreıgn exchange tradıng actıvıty where the Group acts as prıncıpal, whıch ıs typıcally recognısed on a faır value basıs whereby movements ın faır values of the posıtıon are recognısed ın the ıncome statement, and
- desk facılıtıes fees, lıcense and software fees, whıch are recognısed on an accrual basıs

In accordance wıth accepted practıce, those financıal ınstruments held for tradıng purposes are marked to market and consequently gaıns and losses are taken to the Income Statement

Revenues are reported on a gross basıs ın these financıal statements as compared to the prıor year when they were reported on a net basıs The effect ıs to show revenues before deductıon of clearıng fees and trader profit share on ıncome generated Prıor year comparatıves have been amended on thıs basıs Clearıng fees and trader profit share are ıncluded ın operatıng expenses

Fınance ıncome (net)

Fınance ıncome ıs earned on balances held at exchanges, banks and brokers, and on overdrawn clıent balances Fınance expenses are paıd on overdrafts, overdrawn accounts wıth brokers and exchanges, clıent and counterparty balances Fınance ıncome and expenses are recognısed on an amortısed cost basıs usıng effectıve ınterest rates

Business combınatıons

The consolıdated financıal statements ıncorporate the results of busıness combınatıons usıng the purchase method In the consolıdated balance sheet, the acquıree's ıdentıfiable assets, lıabılıtıes and contıngent lıabılıtıes are ınıtıally 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

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

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 (i e 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 (i e 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 operating 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 is recognised in the income statement as incurred

NOTES TO THE FINANCIAL STATEMENTS
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Software licenses

The licenses have been granted for a period of between two and five years with, option of renewal at the end of this period It is amortised evenly over the period of the patent

Joint ventures and subsidiaries

A joint venture is an entity in 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 Pounds Sterling (GBP), which is the current 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"

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

- *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 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

Retirement benefits: defined contribution schemes

The Group operates 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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

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 remaining length of the lease or 20% per annum straight line, where appropriate

Fixtures and fittings - 25% per annum straight line, varying between 50% to 20%

Computer equipment - 50% per annum straight line, varying between 50% to 20%

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

Critical accounting estimates and judgments

The Group makes estimates and assumptions regarding the future Estimates and judgments 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

(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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

Standards and Interpretatıons ıssued by the IASB and not endorsed by the EU

At 31 March 2011, the followıng amendments to standards and ınterpretatıons, effectıve for these consolıdated financıal statements, were ıssued by the IASB but not endorsed by the EU

In November 2009 the ISAB publıshed the first phase of IFRS 9 "Fınancıal Instruments" whıch wıll replace IAS 39 ın ıts entirety Thıs first phase relates to the classıficatıon and measurement of financıal assets IFRS 9 wıll be effectıve for annual perıods begınnıng on or after 1 January 2013 Marex Group Lımıted does not expect adoptıon of thıs first phase of IFRS 9 to have a sıgnıficant effect on ıts consolıdated financıal statements or the separate statements of the company

2. Revenue Analysis

	Commodıtıes 2011 £'000	Fınancıal products 2011 £'000	EasyScreen 2011 £'000	Total 2011 £'000
Revenue				
Broker dealer actıvıtıes	83,395	57,957	-	141,352
Tradıng	-	1,027	-	1,027
Software fees	-	-	2,616	2,616
Other	-	3,466	-	3,466
Total	83,395	62,450	2,616	148,461

	Commodıtıes 2010 £'000	Financial products 2010 £'000	EasyScreen 2010 £'000	Total 2010 £'000
Revenue				
Broker dealer actıvıtıes	53,141	42,969	-	96,110
Tradıng	-	990	-	990
Software fees	-	-	2,388	2,388
Other	-	3,151	-	3,151
Total	53,141	47,110	2,388	102,639

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

3. Operating Profit

	2011 £'000	2010 £'000
This has been arrived after charging		
Staff costs	62,801	37,365
Depreciation	1,480	1,497
Amortisation	891	363
Payments under operating leases	1,727	1,897
Sale and purchase expenses	2,418	2,319
Auditors services		
Sale and purchase		
Auditors services	-	115
Non-audit services	-	77
Statutory and other		
Auditors services	400	335
Non-audit services	228	27

Audit fees for the Company for the year ended 31 March 2011 and the prior year were borne by a subsidiary undertaking

4. Other Income / (Expense)

	2011 £'000	2010 £'000
Foreign exchange revaluation (loss) / gain	(2,103)	3,934
Dividends received	124	875
Profit on sale of AFS investments	-	1,225
	(1,979)	6,034

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

5. Staff Costs

	2011 £'000	2010 £'000
Staff costs (ıncludıng dırectors) comprıse		
Wages and salarıes	57,143	32,310
Short-term monetary benefits	743	636
Defined contrıbutıon pensıon cost	615	542
Employer's natıonal ınsurance contrıbutıons and sımılar taxes	4,300	3,878
	62,801	37,366

Dırector's remuneratıon

The remuneratıon for dırectors for theır servıces to the Group, for the perıod that they were dırectors of Marex Group Lımıted was as follows

	2011 £'000	2010 £'000
Dırectors emoluments	5,553	4,965
Short-term monetary benefits	6	6
Defined contrıbutıon pensıon cost	16	31
	5,576	5,002

There were 3 dırectors ın the Group's defined contrıbutıon scheme (2010 – 3)

Included ın these costs ıs a payment of £30,000 for compensatıon for loss of office The remuneratıon of the hıghest paıd dırector for hıs servıces to the Group was £2,790,238 (2010 - £2,208,440) Group pensıon contrıbutıons of £18,540 (2010 - £8,500) were made on hıs behalf, whılst he was a dırector of Marex Group Lımıted

The average number of employees, ıncludıng dırectors, durıng the perıod to 31 March 2011 was 258 (2010 – 211)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

6. Finance Income (net)

	2011 £'000	2010 £'000
Interest receivable from brokers	315	174
Interest receivable from counterparties	815	1,109
Interest receivable from warrant financing	1,263	1,381
Bank interest receivable	869	857
Finance revenue	3,262	3,521
Interest payable to clients	(112)	(302)
Interest payable to brokers	(139)	(181)
Bank interest payable	(1,180)	(1,339)
Finance expense	(1,431)	(1,822)
Finance income net	1,831	1,699

7. Taxation

a) Tax expense

	2011 £'000	2010 £'000
Current tax expense		
UK and foreign corporation tax on profit for the year	3,323	4,329
Adjustment for prior year	4	(161)
Unutilised tax losses	683	-
Sub total	4,010	4,168
Deferred tax credit		
Origination and reversal of temporary differences arising in the current year	20	(97)
Origination and reversal of temporary differences arising in the prior year	46	(46)
Sub total	66	(143)
Total	4,076	4,025
Tax (credit)/charge relating to items charged to equity		
(Credit)/charge for the year	(107)	180

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

b) Reconciliation of the total tax charge

The reasons for the difference between the actual tax charge for the year ended 31 March 2011 and the standard rate of corporation tax in the UK applied to profits for the period are as follows

	2011 £'000	2010 £'000
Profit before tax	10,240	14,970
Expected tax charge based on the standard rate of corporation tax in the UK of 28%	2,867	4,192
Variance in corporation tax of non-UK entities	(307)	-
Income not taxable	(27)	(245)
Expenses not deductible for tax purposes	784	980
Profits offset against brought forward losses	-	(111)
EBT contribution	-	(944)
Prior year adjustments	50	(207)
Share-based awards expense not deductible	-	899
Deferred bonuses	-	(539)
Unutilised tax assets	683	-
Deferred tax restatement due to legislated change in future tax rate	26	
	4,076	4,025

c) Deferred tax liability

	2011 £'000	2010 £'000
Accelerated capital allowances	(311)	(380)
Revaluation of available for sale financial assets	863	759
Total deferred tax liability	552	379
At 1 April	379	1,045
Credited to the Income Statement for the year	66	(143)
On sale of AFS Investments	-	(343)
Credited to the Revaluation Reserve for the year	107	(180)
At 31 March	552	379

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

d) Unrecognised deferred tax asset

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

	2011 £'000	2010 £'000
Gift to Employee Benefit Trust	893	962
	893	962

8. Property, Plant and Equipment

	Leasehold improvements £'000	Computer equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2010	2,420	4,594	971	7,985
Additions	125	2,031	310	2,466
Transfers from intangibles	-	148	-	148
At 31 March 2011	2,545	6,773	1,281	10,599
Depreciation				
At 1 April 2010	1,628	3,491	784	5,903
Charge for the year	530	860	90	1,480
At 31 March 2011	2,158	4,351	874	7,383
Net book value				
At 31 March 2011	387	2,422	407	3,216
At 31 March 2010	792	1,103	187	2,082

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

9. Intangible Assets

	Goodwill £'000	Computer development, licenses and software £'000	Total £'000
Cost			
At 1 April 2010	7,123	1,705	8,828
Additions	-	1,115	1,110
Transfers from property, plant and equipment	-	(148)	(148)
At 31 March 2011	7,123	2,672	9,795
Depreciation			
At 1 April 2010	-	743	743
Charge for the year	-	891	891
At 31 March 2011	-	1,634	1,634
Net book value			
At 31 March 2011	7,123	1,038	8,161
At 31 March 2010	7,123	962	8,085

10. Investments

Non current asset investments **Group:**	Unlisted investments 2011 £'000	Unlisted investments 2010 £'000
Cost or valuation		
At 1 April	5,574	12,907
Reclassification	-	(3,500)
Additions	4,120	-
Disposals	-	(3,188)
Revaluation	620	(645)
At 31 March	10,314	5,574

Unlisted investments include memberships, seats and interests in investment exchanges, which 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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

Company:	2011 £'000	2010 £'000
At 1 April	115,937	107,560
Additions in year	8,429	8,377
Revaluation	236	-
At 31 March	124,602	115,937

Consists of:		
Investment in subsidiaries		
Investment in Marex Financial Limited	107,570	107,570
Investment in Marex Services Limited	3,051	3,051
Investment in Marex USA Limited	5,164	5,164
Investment in EasyScreen Limited	152	152
Investment in Marex Hong Kong Limited	801	-
Investment in Marex North America LLC	3,120	-
	119,858	115,937
Unlisted investments	4,744	-
At 31 March	124,602	115,937

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

The principal subsidiaries of Marex Group Limited as at 31 March 2011 are as follows

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 and clearer
Marex Services Limited	United Kingdom	Ordinary shares	100%	Facilities company
Easyscreen Limited	United Kingdom	Ordinary shares	100%	Technology services
Marex USA Limited	United Kingdom	Ordinary shares	100%	Futures broking
Marex North America LLC	USA	Ordinary shares	100%	Futures broking and clearing
Marex Hong Kong Limited	Hong Kong	Ordinary shares	100%	Futures broking

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
Carlton Commodities 2004 LLP	United Kingdom	Partnership interest	n/a	Commodities trading

Other related entities

	Country of incorporation	Class	Proportion of ownership interest	Nature of business
Ogier Employee Benefit Trust Limited	Jersey	Ordinary shares	Nil	Trustee

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

11. Inventory

	2011 £'000	2010 £'000
Investment in metal warrants	124,803	118,558

The above investments relate to metal warrant positions, and are accounted for at market value As at 31 March 2011, £68,639,000 of the warrants are held by a bank as collateral against cash borrowings (2010 - £91,580,000)

12. Trade and Other Receivables

Group:	2011 £'000	2010 £'000
Amounts due from exchanges, clearing houses and other counterparties - fair value of transactions	637,047	677,193
Deposits with exchanges and clearing houses	11,544	5,007
Other debtors	2,165	1,596
Loans receivable	103	79
Prepayments	5,079	1,354
Other tax and social security taxes	732	-
	656,670	685,229

Amounts due from exchanges, clearing houses and other counterparties are stated after deducting an impairment provision of £3,596,000 (2010 - £6,018,000)
The movement in the impairment provision is as follows

	2011 £'000	2010 £'000
At 1 April	6,018	4,768
Charged to Income Statement	1,560	1,319
Bad debts written off	(3,879)	-
Foreign exchange revaluation	(103)	(69)
At 31 March	3,596	6,018

Company:	2011 £'000	2010 £'000
Prepayments	2,453	-
Other debtors	9	-
	2,462	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

13. Cash and Cash Equivalents

Included in cash and cash equivalents at 31 March 2011 are balances of £117,450,000 (at 31 March 2010 - £132,065,709) held by the Group on behalf of clients in accordance with the client money rules of the Financial Services Authority

14. Trade and Other Payables

Group:	2011 £'000	2010 £'000
Trade payables		
Amounts due to clients - fair value of transactions	517,596	802,218
Other tax and social security taxes	1,016	7,855
Other creditors	140	278
Accruals	45,191	9,594
Bank borrowings	62,398	80,709
	626,341	900,654
All bank borrowings are repayable within one year		
Non-trade payables		
Payables to ultimate parent	216	-
Capital distribution	1,741	-
Redeemable preference shares	500	-
	2,457	-
Total	628,798	900,654

Company:

	2011 £'000	2010 £'000
Accruals	3,992	-
Redeemable preference shares	500	
	4,492	-

On 15 June 2010 Marex Group Limited reduced its share capital by cancelling 237,011 Non-Voting Ordinary Shares Immediately following this reduction the Company issued 50,000 Redeemable Preference Shares of £0 0001 each The Redeemable Preference Shares would be redeemable as of 30 June 2011 at £10 00 per share plus 5% compound annual interest from the date of completion of the acquisition of a majority of the issued share capital of the Company by Amphitryon Limited to 30 June 2011

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15. Derivative Instruments

Included in derivative investments are the Group's own positions in commodities and financial products at fair value The substantial increase reflects a matched unrealised position that has been undertaken to facilitate specific customer positions, the position is not subject to market risk and has been fully cash settled by the client

16. 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 and 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 by senior management, the Risk Committee and the Board 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 in 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 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

Interest rate risk

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

The Group's view is 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

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 Board has defined its risk appetite for market risk and this is implemented through the Board and senior management approved Integrated Risk Management Framework 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 and volatility), 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 reported in income

Although the Group has a significant holding in metal warrants, the market risk is eliminated or minimised by hedging these warrants using spot and forward trades on the London Metal Exchange

NOTES TO THE FINANCIAL STATEMENTS
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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 the Group's 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 and Large Exposures determined by appropriate regulatory rules Action is taken to reduce exposures if they exceed the set limits

Liquidity risk

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

To mitigate liquidity risk the Group has implemented robust cash management policies and procedures that monitor liquidity daily to ensure that the Group has sufficient liquidity to meet its margin requirement at exchanges and third party brokers

There are strict guidelines followed in relation to products and duration into which excess liquidity can be invested Excess liquidity is invested in cash deposits with financial institutions for a period of less than three months

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

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 various elements of operational risk, most evident amongst these, compliance 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 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") governing the UK financial services industry, Commodity and Futures Trading Commission ("CFTC") under the delegated rules of the National Futures Association ("NFA") and the CME in the US and the Securities and Futures Commission ("SFC") in Hong Kong and their respective 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

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The maintenance of the Group's strong reputation is crucial 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

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 its growth as well as to 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

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 2011 was £72,433,000 and 31 March 2010 was £62,954,000 This compares to the Regulatory Capital of £107,464,000 at 31 March 2011 and £102,377,000 at 31 March 2010

Marex USA Limited is regulated by the FSA as a BIPRU 730k Investment firm The Company has fully complied with its externally imposed capital requirements in the year The Financial Resources Requirement as at 31 March 2011 was £645,000 and 31 March 2010 was £599,000 This compares to the Regulatory Capital of 31 March 2011 was £836,000 and £1,266,000 at 31 March 2010

Marex USA Limited is also regulated in the USA by the NFA on behalf of the CFTC and has fully complied with its externally imposed capital requirements in the year Under the requirements of the NFA, as of 31 March 2011, the adjusted net capital of the Company was £1,635,000 ($2,621,000) (2010 - £2,561,000 ($3,888,000)) and the net capital requirement was £624,000 ($1,000,000)) (2010 - £658,000 ($1,000,000))

Marex North America LLC is regulated by the CME on behalf of the CFTC and has fully complied with its externally imposed capital requirements in the year Under the requirements of the NFA, as of 31 March 2011, the adjusted net capital of the Company was £6,887,000 ($11,037,000) and the net capital requirement was £2,541,000 ($4,072,000)

Marex Hong Kong Limited is regulated by the SFC Under the requirements of the SFC, as of 31 March 2011, the adjusted net capital of the Company was £523,000 (HKD 6,778,000) and the net capital requirement was £231,000 (HKD 3,000,000)

Fair value of financial instruments

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining the fair value of financial instrument by valuation techniques

Level 1 quoted (adjusted) prices in active markets for identical assets or liabilities,

Level 2 other techniques for which all inputs which have a significant effect on the recorder fair value are observables, either directly or indirectly, and

Level 3 techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

All of the Group's trading instruments are classified within Level 1 (at 31 March 2010 all in Level 1)

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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

	Fair and book value 2011 £'000	Fair and book value 2010 £'000
Financial assets		
Fair value through the income statement		
Cash and cash equivalents	257,901	204,618
Amounts due from exchanges, clearing houses and other counterparties - fair value of transactions	637,047	677,193
Deposits with exchanges and clearing houses	11,544	5,007
	906,492	886,818
Available for sale		
Investments	10,314	5,574
At amortised cost		
Loans receivable	103	79
Total	**916,909**	**892,471**
Financial liabilities		
Fair value through the income statement		
Amounts due to clients -fair value of transactions	517,596	802,218
Derivative financial instruments	311,138	3,520
	828,734	805,738
At amortised cost		
Bank borrowings	62,398	80,709
Total	**891,132**	**886,447**

Credit risk

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

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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 Credit and Risk 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 limits are set by the Credit and Risk Committee through a formalised process Credit limits over a certain Board approved amount also require the direct approval of the Risk committee of the Board

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

	2011	**2010**
	£'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+	12,465	31
AA	36,741	2,036
AA-	6,067	339
A+	426,485	553,297
A	1,039	17,440
A-	47	-
Lower rated and non-rated	165,747	109,057
Total	**648,591**	**682,200**
Cash balances		
Rated AAA	-	524
AA+	-	-
AA	7,717	74,376
AA-	223,210	122,284
A+	15,554	827
A-	11,410	6,598
Lower rated and non-rated	10	9
Total	**257,901**	**204,618**

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Concentration risk

The largest concentration of cash balances as at 31 March 2011 was 32 8% (2010 32 0%) of the total investment portfolio to a US based AA- rated global banking group (2010 AA-)

The largest concentration of exposures to exchanges, clearing houses and other counterparties exposures as at 31 March 2011 was 59 0% (2010 84 1%) to a single UK based A+ rated clearing house (2010 A+ rated clearing house)

Interest rate sensitivity analysis

The Group's exposure to interest rate fluctuations is limited through the offset 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**	
	2011 £'000	**2010 £'000**	**2011 £'000**	**2010 £'000**
Impact on profit before tax	301 / (301)	270/(270)	602 /(602)	540/ (540)

Foreign exchange sensitivity

In preparation to convert the functional currency to US dollars, the Group built its US dollar position during the year 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

	2011 US$ £'000	**2011 Euro £'000**	**2010 US$ £'000**	**2010 Euro £'000**
Net exposure	54,049	6,133	(3,550)	(9,523)
Reasonable shift	8 60%	4 10%	8 60%	4 10%
Total effect on profit before tax of positive movements	4,648	251	(305)	(390)
Total effect on profit before tax of negative movements	(4,648)	(251)	305	390

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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 75% 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 75% 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

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 99.75% 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

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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 average market exposure at the end of each month during the financial year This is considered a stressed number based on the extended theoretical holding period

	2011 £'000	2010 £'000
Average month VaR	1,848	1,578

17. Share Capital

	Issued and Fully Paid			
	2011 Number	2011 £	2010 Number	2010 £
Ordinary shares of £0 0001 each	75,516,874	7,552	75,516,874	7,552
Non-voting ordinary shares of £0 0001 each	4,246,050	424	4,483,061	448
Deferred shares of £1 each	106,798,659	106,798,659	106,798,659	106,798,659
Growth shares of £0 0001 each	7,754,159	775	7,530,823	753
		106,807,410		106,807,412

In accordance with the Companies Act 2006 the Company has adopted a new Articles of Association, which defines the new share classes with no authorised limits

The rights of the shares are as follows

Ordinary share	Full voting rights and right to participate in ordinary dividends pro rata with non-voting Ordinary shares In the event of a winding up, entitled to a return of capital pro rata with non-voting Ordinary shares No right of redemption
Non-voting ordinary share	Same rights as Ordinary shares, other than having no voting rights
Deferred shares	No voting rights, no right to participate in dividends and no right to redemption In the event of a winding up, entitled to return of capital pro rata with Ordinary shares
Growth shares	No voting rights, no rights to participate in dividends, no entitlement to participate in winding up and no right of redemption

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18. Share-based Awards

The Group operated an Employee Share Purchase Plan ("the Plan), for the 2006/7 year, the 2007/8 year and the 2008/9 year, in which the employees participate Marex Group Limited has applied IFRS 2 to all grants of equity instruments under the Plan The Ogier Employee Benefit Trust holds the vested shares until such time as beneficial ownership is transferred to the employee under the terms of the Plan

	Estimated value expensed in Income Statement over vesting period £'000	Expense in Income Statement for year ended 31 March 2011 £'000	Expense in Income Statement for year ended 31 March 2010 £'000	Expense in Income Statement for year ended 31 March 2009 £'000	Expense in Income Statement for year ended 31 March 2008 £'000	Number of shares granted
2006/7 scheme	-	-	307	704	1,649	-
2007/8 scheme	-	-	959	1,507	-	-
2008/9 scheme	-	-	1,946	-	-	-

Upon acquisition of the group by its ultimate parent company in 2010, in accordance with IFRS 2 there was a settlement of the scheme which accelerated the vesting and a charge was made to the profit and loss account in respect of all previously uncharged amounts in 2010

19. Reserves

Group	Share-based awards reserve 2011 £'000	Share premium 2011 £'000	AFS reserve 2011 £'000	Retained earnings 2011 £'000
At 1 April 2010	-	3,866	1,995	7,021
Profit for the year	-	-	-	6,105
Capital distribution	-	-	-	(1,741)
Redemption provision	-	-	-	(500)
Movement in valuation of unlisted shares	-	-	620	-
Deferred tax movement on movement in valuation of unlisted shares	-	-	(107)	-
Dividend paid	-	-	-	(4,279)
At 31 March 2011	**-**	**3,866**	**2,508**	**6,606**

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	Share-based awards reserve 2010 £'000	Share premium 2010 £'000	AFS reserve 2010 £'000	Retained earnings 2010 £'000
At 1 April 2009	3,860	3,600	3,342	19,472
Profit for the year	-	-	-	10,850
Share based payment	3,212	-	-	-
Shares issued on exercise of share based awards	(7,072)	266		-
Gain on sale of AFS Investments	-	-	(1,225)	-
Deferred tax on sale of AFS Investments	-	-	343	-
Movement in valuation of unlisted shares	-	-	(645)	-
Deferred tax movement on movement in valuation of unlisted shares	-	-	180	-
Dividend paid	-	-	-	(23,301)
At 31 March 2010	-	**3,866**	**1,995**	**7,021**

Company	Share-based awards reserve 2011 £'000	Share premium 2011 £'000	AFS reserve 2011 £'000	Retained earnings 2011 £'000
At 1 April 2010	-	3,866	-	5,922
Profit for the year	-	-	-	3,268
Capital distribution	-	-	-	(1,741)
Redemption provision	-	-	-	(500)
Movement in valuation of unlisted shares	-	-	236	-
Deferred tax movement on movement in valuation of unlisted shares	-	-	(61)	-
Dividend paid	-	-	-	(4,279)
At 31 March 2011	-	**3,866**	**175**	**2,670**

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	Share-based awards reserve 2010 £'000	Share premium 2010 £'000	AFS reserve 2010 £'000	Retained earnings 2010 £'000
At 1 April 2009	3,860	3,600	-	433
Profit for the year	-	-	-	28,790
IFRS 2 Share based awards	3,212	-	-	-
Share based payment	(7,072)	266	-	-
Dividend paid	-	-	-	(23,301)
At 31 March 2010	-	**3,866**	-	**5,922**

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

20. Dividends Paid and Proposed

	2011 £'000	2010 £'000
Declared and paid during the period/year on ordinary shares		
First dividend - paid 2 July 2010	3,796	-
Second dividend - paid 6 August 2010	452	-
Third dividend - paid 3 September 2010	31	-
First dividend - paid 15 October 2009 on C shares	-	52
Second dividend - paid 2 December 2009 on A and C shares	-	18,345
Third dividend - paid on 15 February 2010 on A and C shares	-	4,904
	4,279	**23,301**

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21. Leases

The Group has entered ınto commercıal leases on ıts propertıes Durıng the current year and as part of ıts expandıng operatıons both ın the UK and overseas, the Group entered ınto several new lease arrangements for addıtıonal propertıes The lessee has the optıons of renewal on each of these leases subject to negotıatıon between the Group, as lessee, and each landlord ın the perıod precedıng the expıratıon of each lease There were no restrıctıons placed upon the lessee by enterıng ınto these leases

The total future mınımum lease payments are due as follows

	2011 £'000	2010 £'000
Not later than one year	2,409	1,202
Later than one year and not later than five years	9,384	2,842
Later than five years	6,856	-
At 31 March	**18,649**	**4,044**

22. Company Financıal Statements – Profit for the Year

As permıtted by sectıon 408 of the Companıes Act 2006 the Company has elected not to present ıts Income Statement for the year Marex Group Lımıted reported a profit for the year ended 31 March 2011 of £3,268,000 (for the year ended 31 March 2010 profit of £28,790,000) The Company paıd dıvıdends of £4,278,910 durıng the year (2010 £23,330,661)

23. Contıngent Lıabilities and Other Commıtments

As at 31 March 2011 the Group had £87,359,000 (2010 £59,296,000) of bank guarantees lodged wıth clearıng houses to offset ınıtıal margın requırements

24. Subordinated Loan

	2011 £	2010 £
Subordınated loan repayable 2013	8,112	1,977

On 30 March 2010 the Company advanced US$3,000,000 to Marex USA Lımıted, a subsıdıary undertakıng, under a Revolvıng Subordınated Loan Agreement, whıch termınates on 30 March 2013 Interest ıs payable at the US Prıme rate plus 0 5%

On 17 March 2011, the company advanced US$10,000,000 to Marex North Amerıca LLC, a subsıdıary undertakıng, under a revolvıng subordınated loan whıch termınates on 31 March 2016 Interest rate ıs set at US prıme rate plus 0 5%

25. Post Balance Sheet Events

On 21 March 2011, the Company entered ınto an agreement to acquıre Spectron Group Lımıted, whıch has market-leadıng executıon capabılıtıes ın a broad range of over-the counter Energy derıvatıves for a consıderatıon of around £95 mıllıon The agreement was subject to consent from the FSA, whıch was obtaıned on 6 May 2011 In order to

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finance the acquısıtıon the Company ıssued addıtıonal 30,974,714 Ordınary shares and 179,794 Non-Votıng Ordınary Shares raısıng £77mıllıon

From 1 Aprıl 2011, the dırectors have changed the functıonal and presentatıonal currency of the Group to US Dollars The Group's revenue ıs predomınantly generated ın US Dollars and wıth ıncreasıng revenues from the buıld out of the global footprınt, usıng US Dollars presents a more approprıate reflectıon of the underlyıng actıvıtıes of the Group

26. Ultımate and Immedıate Parent Undertakıng

In the dırectors' opınıon, the ultımate and ımmedıate parent and controllıng party ıs Amphıtryon Lımıted, a company ıncorporated ın Jersey, Channel Islands

The company pays management servıces fees to partıes assocıated to the ultımate parent company based on a percentage of the Group's profitabılıty Durıng the year, fees amountıng to £890,000 were paıd and a further £107,000 was payable at the end of the year Furthermore, addıtıonal charges amountıng to £497,000 were made for provısıon of varıous servıces to the Group