

Marex Group Limited

Report and Financial Statements

Year ended 31 March 2010

Registered number 05613060

MONDAY



LEK48PWG

LD3

13/12/2010

170

COMPANIES HOUSE

Contents:

Company Information	2
Directors' Report	3
Auditor's Report	8
Consolidated Income Statement	9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Cash Flows	14
Company Statement of Financial Position	16
Notes to the Financial Statements	18

Marex Group Limited

Company Information

Country of incorporation

United Kingdom

Legal form

Private Limited Company

Directors

J M Isaacs (Chairman)
S Fink
D A Hallgarten
L T Hanover
S J N Heale
P Kadas
J P Phizackerley
R B Nagioff
G H Prentice
M A Slade
S H Sparke
P M Sugarman
P G Thomas

Secretary and registered office

N R Edwards
Level One, 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 Bank Plc, 8 Canada Square, London, E14 5HQ

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2010

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

Overview

I am pleased to report that Marex weathered well the difficult market conditions prevailing throughout much of our 2009-10 financial year, posting what was a very credible performance.

In contrast to the heightened activity of 2008-09, when high volatility and portfolio re-positioning drove volumes, 2009-10 opened quietly, with market participants anticipating a slower economic environment and a lack of trading catalysts. Conditions remained quiet throughout the summer months, improving later in the year, as uncertainty returned to markets, triggered by a number of events, such as the Dubai debt crisis.

Overall revenues were down 16% to £66.0m due, primarily, to the abnormally low volumes at the start of the year.

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m	Change %
Revenue	66.0	79.0	(16)%
Operating Profit	15.0	26.3	(43)%
Adjusted Operating Profit	19.8 ¹	26.3	(25)%

An important focus for the management team over the 2009-10 year was the change of ownership, which was successfully completed in February 2010. This had a substantial impact on Operating Profit, which was adversely impacted by non-recurring transaction-related costs of £4.8m, comprised of direct costs and charges in respect of the staff share schemes. Of course, the transaction process absorbed a great deal of senior management time which, to some extent, will also have impacted the results for the year.

¹ Excludes direct costs associated with change of control

Chief Executive Officer's Review (continued)**Product Line Performance**

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m	Change %
Commodity Products	39.1	47.1	(17)%
Financial Products	24.5	29.6	(17)%
EasyScreen	2.4	2.3	3%

Commodity Products

On a full-year basis, commodity market volumes held up well, although the summer period was slow. Performance was down on the previous year, but in line with expectations due to the exceptional nature of the previous year.

Metals:

By April 2009, metals prices had pulled up from lows following the credit crisis, but were still relatively depressed. As liquidity returned to the credit markets and interest rates remained at historical lows, there was a steady increase in metals prices, with stockpiling in China a major driver.

London Metal Exchange ("LME") volumes held up during the year as prices continued a stronger than expected recovery from 2008 lows. Market making performance was somewhat disappointing, suffering from adverse conditions early in the period, but recovered well as the year progressed.

Energy:

Prices at the start of the year remained depressed. However, better economic data, and increased demand from Asia, saw funds re-enter the market in September 2009, and prices surged in response. Prices then broadly maintained these levels through the remainder of the year.

Revenues were slightly above 2008-09, with the Gasoil team accounting for most of the revenue.

Agriculture:

Early in the year the Coffee market was volatile, but both volatility and volumes subsequently fell away. Cocoa prices reached 25-year highs during the year and Sugar traded to a 30-year high in January 2010, before retreating.

Overall, Agriculture posted a robust performance, with revenue only marginally down on the previous year. Diversification into Sugar and Grains proved a key factor in offsetting a quieter Coffee market.

Financial Products

Financials and FX volumes fell markedly during the first half of the 2009-10 year, before charting a meaningful improvement in the second half, as volumes responded positively to both economic data and sovereign debt worries. The underlying businesses were affected as follows:

Foreign Exchange ("FX"):

In line with the market, Marex's FX client volumes fell away sharply in the first half of the financial year but recovered in the second half, initially on Dubai worries and then in January 2010 on Greece and EU concerns.

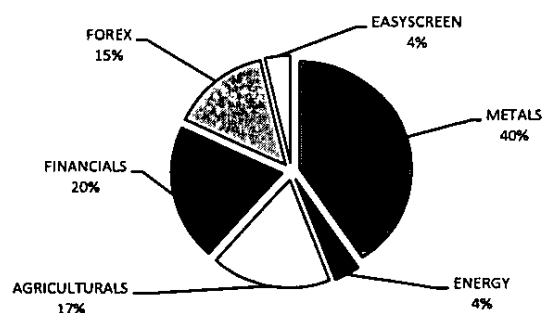
New sales initiatives will be the focus of next year with the launch of the new Marex FX Trading platform.

Chief Executive Officer's Review (continued)

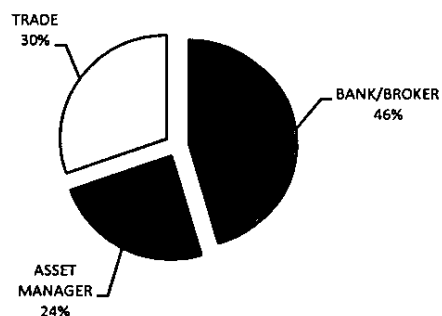
Financial Futures and Options ("FFO"):

Volumes on NYSE Liffe, Eurex and CME Group dropped sharply during the first half of the financial year, as short term rates fell to historic lows and volatility disappeared from the marketplace. This created difficult operating conditions for both the Brokerage desk and the Professional Trader business.

Revenue by Product Line



Revenue by Client Type (excluding FX clients)



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 progressively expand our client and regional footprint.

Market conditions have improved markedly 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 2009-10 results.

Directors' Report (continued)

Dividends

Dividends of £23,300,660 were paid during the year - £52,104 was paid on 15 October 2009, £18,344,458 was paid on 2 December 2009 and £4,904,098 on 17 February 2010

Directors

The following directors have held office during the year

L T Hanover

S J N Heale

G H Prentice

M A Slade

S H Sparke

J M Isaacs (appointed 15 February 2010)

R B Nagioff (appointed 15 February 2010)

P M Sugarman (appointed 15 February 2010)

S Fink (appointed 15 February 2010)

J P Phizackerley (appointed 15 February 2010)

P Kadas (appointed 15 February 2010)

D A Hallgarten (appointed 15 February 2010)

M Kleinman (resigned 15 February 2010)

A D Phillips (resigned 15 March 2010)

P G Thomas (appointed 15 March 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 - £316,332). No contributions were made for political purposes (2009 - £nil)

Events since the balance sheet date

On 4 June 2010 the Group's parent company gave notice, pursuant to the Shareholder's Agreement that they were exercising the First Year Call option to purchase the Marex Group Limited shares held by a minority shareholder. The completion date is subject to regulatory approval.

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.

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

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

Auditors

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

Directors' Report (continued)

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 cashflows 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 IFRSs, subject to any material departures disclosed and explained in the financial statements, and
- make judgements 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' 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

28 JUNE 2010

Auditor's 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 2010 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 27. 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.

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 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 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.

Opinion on financial statements

In our opinion 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 2010 and of the Group's profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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.

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 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.



Andrew Woosey (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

28-6-10

Marex Group Limited

Consolidated Income Statement
for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Revenue	2	65,979	78,962
Operating expenses		(57,423)	(57,349)
Net operating income		<u>8,556</u>	<u>21,613</u>
Other operating income/(expense)	3	6,034	(174)
Provision for doubtful debts	12	(1,319)	(682)
Finance income (net)	6	1,699	5,569
Operating profit	4	<u>14,970</u>	<u>26,326</u>
Tax expense	7	(4,025)	(7,113)
Retained profit for the year		<u>10,945</u>	<u>19,213</u>
Attributable to:			
- Equity holders of the parent		10,850	19,142
- Minority interest		<u>95</u>	<u>71</u>
		<u>10,945</u>	<u>19,213</u>

The notes on pages 18 to 53 form part of these financial statements

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2010

	2010	2009
	£'000	£'000
Profit for the year	10,945	19,213
Other comprehensive income		
Reclassification adjustment for gains on sale of AFS, included in income statement	(882)	-
Net gain on revaluation AFS investments	(465)	(1,148)
Other comprehensive income, net of tax	(1,347)	(1,148)
Total comprehensive income	9,598	18,065
Attributable to:		
- Equity holders of the parent	9,503	17,994
- Minority interest	95	71
	9,598	18,065

The notes on pages 18 to 53 form part of these financial statements

**Consolidated Statement of Changes in Equity
for the year ended 31 March 2010**

	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	-	-	-	-
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 31 March 2010	-	106,807	3,866	7,021	1,995	309	119,998

**Consolidated Statement of Financial Position
at 31 March 2010**

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Assets					
Non-current assets					
Property, plant and equipment (PPE)	8	2,082		2,960	
Intangible assets	9	8,085		4,414	
Investments	10	<u>5,574</u>		<u>12,907</u>	
Total non-current assets			15,741		20,281
Current assets					
Inventory	11	118,558		84,611	
Trade and other receivables	12	685,229		532,924	
Derivative instruments		-		40,068	
Corporation tax asset		345		-	
Cash and cash equivalents	13	<u>204,618</u>		<u>269,302</u>	
Total current assets			1,008,750		926,905
Total assets			<u>1,024,491</u>		<u>947,186</u>
Liabilities					
Current liabilities					
Bank Overdraft		-		52	
Trade payables	14	900,594		809,381	
Derivative instruments		3,520		4,250	
Corporation tax liability		<u>-</u>		<u>1,969</u>	
Total current liabilities			904,114		815,652
Non-current liabilities					
Deferred tax	7	<u>379</u>		<u>1,045</u>	
			379		1,045
Total liabilities			<u>904,493</u>		<u>816,697</u>
TOTAL NET ASSETS			<u>119,998</u>		<u>130,489</u>

**Consolidated Statement of Financial Position
at 31 March 2010 (Continued)**

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Capital and reserves attributable to equity holders of the Company					
Share capital	17	106,807		100,001	
Share premium	19	3,866		3,600	
Retained earnings	19	7,021		19,472	
Share-based payments reserve	19	-		3,860	
Revaluation reserve	19	1,995		3,342	
			119,689		130,275
Minority interest			309		214
TOTAL EQUITY			119,998		130,489

The financial statements on pages 9 to 17 were approved by the Board of Directors on 28 June 2010 and were signed on its behalf by



M A Slade
Director

The notes on pages 18 to 53 form part of these financial statements

Consolidated Statement of Cash Flows
for the year ending 31 March 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Operating activities					
Net operating profit from ordinary activities before tax		14,970		26,326	
Adjustments for					
Depreciation	8	1,497		1,577	
Amortisation of intangible fixed assets	9	363		195	
Foreign exchange(gains)		(1,432)		(7,059)	
Share-based payment expense	5	3,212		2,211	
Gain on sale of AFS Investments	3	(1,225)		-	
Decrease in provisions		-		(751)	
Operating cash flows before changes in working capital			17,385		22,499
(Increase) in trade and other receivables		(150,873)		(114,530)	
Increase in trade and other payables		91,213		112,687	
(Increase)/decrease in inventory		(33,947)		82,429	
Net increase/(decrease) in derivative instruments		39,338		(32,240)	
			(54,269)		48,346
Cash flow from operating activities			(36,884)		70,845
Corporation tax paid			(6,482)		(13,289)
Net cash flows from operating activities carried forward			(43,366)		57,556

Consolidated Statement of Cash Flows
for the year ended 31 March 2010 (Continued)

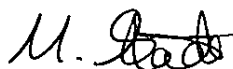
	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Net cash flows from investing activities brought forward			(43,366)		57,556
Investing activities					
Purchase of fixed assets	8	(631)		(907)	
Development expenditure capitalised	9	(534)		(575)	
Disposal of fixed assets	8	12			
Sale of AFS Investments	10	3,188		-	
Net cash flows from investing activities			2,035		(1,482)
Financing activities					
Payment of dividend	20	(23,301)		(14,315)	
Net cash (outflow) from financing activities			(23,301)		(14,315)
Net (decrease)/increase in cash and cash equivalents			(64,632)		41,759
As at 1 April:					
Cash available on demand and short term deposits		269,302		227,670	
Overdrafts		(52)		(179)	
			269,250		227,491
Net (decrease)/increase in cash and cash equivalents			(64,632)		41,759
			204,618		269,250
As at 31 March					
Cash available on demand and short		204,618		269,302	
Overdrafts		-		(52)	
As at 31 March			204,618		269,250

The notes on pages 18 to 53 form part of these financial statements

**Company Statement of Financial Position
at 31 March 2010**

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Assets					
Non-current assets					
Investments	10	115,937		107,560	
Subordinated loan due from group undertaking	25	<u>1,977</u>		<u>-</u>	
Total non-current assets			117,914		107,560
Current assets					
Due from group undertakings		-		230	
Cash and cash equivalents		<u>793</u>		<u>104</u>	
Total current assets			793		334
Total assets			<u>118,707</u>		<u>107,894</u>
Liabilities					
Current liabilities					
Amounts due to group undertakings		<u>2,112</u>		<u>-</u>	
Total current liabilities			2,112		-
Total liabilities			<u>2,112</u>		<u>-</u>
TOTAL NET ASSETS			<u>116,595</u>		<u>107,894</u>
Capital and reserves attributable to equity holders of the Company					
Share capital	17		106,807		100,001
Share premium	19		3,866		3,600
Retained earnings	19		5,922		433
Share-based payments reserve	19		<u>-</u>		<u>3,860</u>
TOTAL EQUITY			<u>116,595</u>		<u>107,894</u>

The financial statements on pages 9 to 17 were approved by the Board of Directors on 28 June 2010 and were signed on its behalf by



M A Slade
Director

The notes on pages 18 to 53 form part of these financial statements

Company Statement of Changes in Equity
for the year ended 31 March 2010

	Share- based payment reserve £'000	Share Capital £'000	Share premium £'000	Retained Earnings £'000	Total £'000
At 1 April 2009	3,860	100,001	3,600	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 31 March 2010	-	106,807	3,866	5,922	116,595

The notes on pages 18 to 53 form part of these financial statements

Notes to the Financial Statements
for the year ended 31 March 2010

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied during the period presented, unless otherwise stated.

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 2006 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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

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.

Notes to the Financial Statements
for the year ended 31 March 2010 (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".

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

I 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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

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

The IASB issued an amendment to IAS 24 'Related Party Disclosures' ('IAS24') in November 2009. The amendment, which is applicable for annual periods beginning on or after 1 January 2011, provides a partial exemption of related party disclosures for transactions between government-related entities as well as with the government itself and 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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

1 Accounting policies (continued)

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 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 19 ‘Extinguishing Financial Liabilities with Equity Instruments’ (‘IFRIC 19’) was issued in November 2009 and is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 covers the situation when entities renegotiate the terms of a financial liability and issue equity instruments to the creditor to fully, or partially, extinguish a financial liability. 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 2010, the following amendments to standards and interpretations, effective for these consolidated financial statements, were issued by the IASB but not endorsed by the EU.

In November 2009 the IASB published the first phase of IFRS 9 ‘Financial Instruments’ which will replace IAS 39 in its entirety. This first phase relates to the classification and measurement of financial assets. IFRS 9 will be effective for annual periods beginning on or after 1 January 2013. Marex Group Limited does not expect adoption of this first phase of IFRS 9 to have a significant effect on its consolidated financial statements or the separate financial statements of Marex Group Limited.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

2 Revenue Analysis

	Commodities	Financial Products	EasyScreen	Total
	2010	2010	2010	2010
	£'000	£'000	£'000	
<i>Revenue</i>				
Broker dealer activities	39,046	21,163	-	60,209
Trading	-	990	-	990
Software fees	-	-	2,387	2,387
Other	-	2,393	-	2,393
Total	39,046	24,546	2,387	65,979

	Commodities	Financial Products	EasyScreen	Total
	2009	2009	2009	2009
	£'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

3 Other operating income/(expense)

	2010	2009
	£'000	£'000
Foreign exchange revaluation gain/(loss)	3,934	(174)
Dividends received	875	-
Profit on sale of AFS investments	1,225	-
	6,034	(174)

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

4 Operating profit

	2010 £'000	2009 £'000
This has been arrived at after charging:		
Staff costs (see note 5)	37,365	38,328
Depreciation (see note 8)	1,497	1,577
Amortisation (see note 9)	363	195
Payments under operating leases	1,897	1,951
Sale and Purchase expenses	2,319	-
Auditors services		
Sale and Purchase - auditors services	115	-
- non - audit services	77	-
Statutory and other - auditors services	335	334
- non - audit services	27	58
	<u>37,365</u>	<u>38,328</u>

Audit fees for the Company for the year ended 31 March 2010 and the prior year were borne by a subsidiary undertaking

5 Staff costs

	2010 £'000	2009 £'000
Staff costs (including directors) comprise		
Wages and salaries	32,310	33,610
Short-term monetary benefits	636	583
Defined contribution pension cost	542	399
Employer's national insurance contributions and similar taxes	3,878	3,736
	<u>37,365</u>	<u>38,328</u>

Included in wages and salaries for the year to 31 March 2010 is a total expense of share based payments of £3,212,000 (2009 - £2,211,000) which arises from transactions accounted for as equity-settled share-based payment transactions

A total of 1,927,092 share based awards were granted during the year to 31 March 2010 (2009 - 2,441,495) A total of 4,356,839 share based awards vested during the year (2009 - 1,615,855)

The average number of employees, including directors, during the period to 31 March 2010 was 211 (2009 - 220)

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

5 Staff costs (continued)

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	2010 £'000	2009 £'000
Directors' emoluments	4,965	5,276
Short-term monetary benefits	6	4
Defined contribution pension cost	31	26
	<u>5,002</u>	<u>5,306</u>

There were 3 directors in the Group's defined contribution scheme (2009 – 3)

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 £2,208,440 (2009 - £2,466,833) Group pension contributions of £8,500 (2009 - £17,640) were made on his behalf, whilst he was a director of Marex Group Limited

6 Finance Income (net)

	2010 £'000	2009 £'000
Interest receivable from brokers	174	2,115
Interest receivable from counterparties	1,109	1,030
Interest receivable from warrant financing	1,381	3,639
Bank interest receivable	<u>857</u>	<u>6,106</u>
Finance revenue	<u>3,521</u>	<u>12,890</u>
Interest payable to clients	(302)	(3,850)
Interest payable to brokers	(181)	(585)
Bank interest payable	<u>(1,339)</u>	<u>(2,886)</u>
Finance expense	<u>(1,822)</u>	<u>(7,321)</u>
Finance Income (net)	<u>1,699</u>	<u>5,569</u>

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

7 (a) Tax expense

	2010	2009
	£'000	£'000
<i>Current tax expense</i>		
UK Corporation tax on profits for the year	4,329	8,297
Adjustment for prior year	(161)	(1,045)
Sub-total	<u>4,168</u>	<u>7,252</u>
<i>Deferred tax credit</i>		
Origination and reversal of temporary differences arising in the current year	(97)	-
Origination and reversal of temporary differences arising in the prior year	(46)	(139)
Sub-total	<u>(143)</u>	<u>(139)</u>
Total	<u>4,025</u>	<u>7,113</u>

Tax charge relating to items charged to equity	2010	2009
	£'000	£'000
Charge for the year	<u>180</u>	<u>447</u>

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

7(b) Reconciliation of the total tax charge

The reasons for the difference between the actual tax charge for the year ended 31 March 2010 and the standard rate of corporation tax in the UK applied to profits for the period are as follows

	2010	2009
	£'000	£'000
Profit before tax	14,970	26,326
Expected tax charge based on the standard rate of corporation tax in the UK of 28%	4,192	7,371
Income not taxable	(245)	-
Expenses not deductible for tax purposes	980	169
Profits offset against brought forward losses	(111)	-
EBT contribution	(944)	-
Prior year adjustments	(207)	(1,045)
Share-based awards expense not deductible	899	618
Deferred bonuses	(539)	-
	<u>4,025</u>	<u>7,113</u>
7(c) Deferred tax liability		
	2010	2009
	£'000	£'000
Accelerated capital allowances	(380)	(237)
Revaluation of available for sale financial assets (note 19)	759	1,282
Total deferred tax liability	<u>379</u>	<u>1,045</u>
	2010	2009
	£'000	£'000
At 1 April	1,045	1,631
Credited to the Income Statement for the year	(143)	(139)
On sale of AFS Investments	(343)	-
Credited to the Revaluation Reserve for the year	(180)	(447)
At 31 March	<u>379</u>	<u>1,045</u>

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

7(d) Unrecognised deferred tax asset

The following deferred tax asset has not been recognised

	2010	2009
	£'000	£'000
Share based expense	-	1,112
Deferred bonuses	-	707
Gift to Employee Benefit Trust	962	-
	<u>962</u>	<u>1,819</u>

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

8 Property, plant and equipment

	Leasehold Improvements £'000	Computer equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost:				
At 1 April 2009	2,387	4,037	942	7,366
Additions	33	557	41	631
Disposals	-	-	(12)	(12)
At 31 March 2010	<u>2,420</u>	<u>4,594</u>	<u>971</u>	<u>7,985</u>
Depreciation:				
At 1 April 2009	1,092	2,594	720	4,406
Additions	536	897	64	1,497
At 31 March 2010	<u>1,628</u>	<u>3,491</u>	<u>784</u>	<u>5,903</u>
Net Book Value				
At 31 March 2010	<u>792</u>	<u>1,103</u>	<u>187</u>	<u>2,082</u>
At 31 March 2009	<u>1,295</u>	<u>1,443</u>	<u>222</u>	<u>2,960</u>

Notes to the Financial Statements
for the year ending 31 March 2010 (Continued)

9 Intangible assets

Group

	Goodwill	Computer Development, Licences and Software	Total
	£'000	£'000	£'000
Cost:			
At 1 April 2009	3,623	1,171	4,794
Additions	-	534	534
Reclassification (note 10)	3,500	-	3,500
At 31 March 2010	7,123	1,705	8,828
Depreciation:			
At 1 April 2009	-	380	380
Charge for the year	-	363	363
At 31 March 2010	-	743	743
Net Book Value			
At 31 March 2010	7,123	962	8,085
At 31 March 2009	3,623	791	4,414

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

10 Investments

Non current asset investments

Group:

	Unlisted investments £'000
Cost or valuation:	
At 1 April 2009	12,907
Reclassification	(3,500)
Disposal	(3,188)
Revaluation during the year	(645)
At 31 March 2010	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.

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

In the current year, and after re-examining the partnership agreement of Carlton Commodities 2004 LLP, the Directors are of the opinion that the Group exercises significant control over Carlton Commodities 2004 LLP ("the Partnership") and therefore the Partnership should be consolidated in the Group accounts – in the prior year the Partnership was accounted for as investment. As a result of consolidation the consideration of £3,500,000 paid in October 2007 to acquire the Group's interest in the Partnership represents goodwill. Hence a reclassification of £3,500,000 from Investments to Goodwill (note 9) has been made in the current year.

Company:

	2010 £'000	2009 £'000
At 1 April	107,560	105,249
Additions in year	8,377	2,311
At 31 March	115,937	107,560

Consists of:	2010 £'000	2009 £'000
Investment in Marex Financial Limited	107,570	104,385
Investment in Marex Services Limited	3,051	3,051
Investment in Marex USA Limited	5,164	-
Investment in EasyScreen Limited	152	124
At 31 March	115,937	107,560

**Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)**

10 Investments (continued)

The principal subsidiaries of Marex Group Limited as at 31 March 2010 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	United Kingdom	Ordinary shares	100%	Facilities company
EasyScreen Limited	United Kingdom	Ordinary shares	100%	Technology services
Marex USA Limited	United Kingdom	Ordinary shares	100%	Commodities 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:

Name	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 2010 (Continued)

11 Inventory

Group:

	2010	2009
	£'000	£'000
Investment in metal warrants	118,558	84,611

The above investments relate to metal warrant positions, and are accounted for at market value. As at 31 March 2010, £91,579,918 of the warrants are held by a bank as collateral against cash borrowings (2009 - £48,173,000)

12 Trade and other receivables

Group:

	2010	2009
	£'000	£'000
Amounts due from exchanges, clearing houses and other counterparties - fair value of transactions	677,193	518,581
Deposits with exchanges and clearing houses	5,007	7,775
Other debtors	1,596	4,559
Loans receivable	79	64
Prepayments	1,354	1,482
Other tax and social security taxes	-	463
	<u>685,229</u>	<u>532,924</u>

Amounts due from exchanges, clearing houses and other counterparties are stated after deducting an impairment provision of £6,018,000 (2009 - £4,768,000)

The movement in the impairment provision is as follows

	2010	2009
	£'000	£'000
At 1 April	4,768	3,014
Charged to Income statement	1,319	682
Foreign exchange revaluation	(69)	1,072
	<u>6,018</u>	<u>4,768</u>

13 Cash and cash equivalents

Included in cash and cash equivalents at 31 March 2010 are balances of £132,065,709 (2009 - £189,230,147) held by the Group on behalf of clients in accordance with the client money rules of the Financial Services Authority

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

14 Trade and other payables

Group:

	2010	2009
	£'000	£'000
Amounts due to clients - fair value of transactions	802,218	737,808
Other tax and social security taxes	7,855	730
Bank borrowings	80,709	41,889
Other creditors	218	486
Accruals	9,594	28,468
	<u>900,594</u>	<u>809,381</u>

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

15 Provisions

	2010	2009
	£'000	£'000
Cost or valuation:		
At 1 April	-	751
Credited to the Income statement	-	(326)
Utilised during the year	-	(425)
At 31 March	<u>-</u>	<u>-</u>
Due within one year or less	<u>-</u>	<u>-</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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

16 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.

During the year ended 31 March 2010, the Group 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 impact 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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

16 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 reported in income.

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

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

16 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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

16 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 period ended 31 March 2010 and year ended 31 March 2009

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 2010 was £62,954,000 and £58,091,000 at 31 March 2009. This compares to the Regulatory Capital of £102,377,000 at 31 March 2010 and £101,279,000 at 31 March 2009

Marex USA 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. The Company has fully complied with its externally imposed capital requirements in the year. The Financial Resources Requirement as at 31 March 2010 was £599,000 and £917,000 at 31 March 2009. This compares to the Regulatory Capital of £1,266,000 at 31 March 2010 and £2,397,641 at 31 March 2009

Marex USA Limited is also regulated in the US by the NFA and has fully complied with its externally imposed capital requirements in the year. Under the requirements of the NFA, as of 31 March 2010, the adjusted net capital of the Company was £2,561,414 (\$3,888,000) (2009 £657,342 (\$940,000)) and the net capital requirement was £658,800 (\$1,000,000) (2009 £350,000 (\$500,000))

Notes to the Financial Statements
for the year ending 31 March 2010 (Continued)

16 Financial risk management objectives and policies (continued)

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 2009 all in Level 1)

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 2010 £'000	Fair and Book Value 2009 £'000
Financial assets		
Fair value through the Income statement:		
Cash and cash equivalents	204,618	269,302
Amounts due from exchanges, clearing houses and other counterparties - fair value of transactions	677,193	518,581
Deposits with exchanges and clearing houses	5,007	7,775
Derivative financial instruments	-	40,068
	<u>886,818</u>	<u>835,726</u>
Available for sale:		
Investments	5,574	12,907
At Amortised cost:		
Loans receivable	79	64
	<u>79</u>	<u>64</u>
Total	<u>892,471</u>	<u>848,697</u>

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

16 Financial risk management objectives and policies (continued)

	Fair and Book Value 2010 £'000	Fair and Book Value 2009 £'000
Financial Liabilities:		
Fair value through the Income statement:		
Bank overdrafts	-	52
Amounts due to clients - fair value of transactions	802,218	737,808
Derivative financial instruments	3,520	4,250
	<u>805,738</u>	<u>742,110</u>
At Amortised cost:		
Bank borrowings	80,709	41,889
Total	<u>886,447</u>	<u>783,999</u>

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 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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

16 Financial risk management objectives and policies (continued)

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

	2010	2009
	£'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 +	31	-
AA	2,036	13,438
AA -	339	409,351
A +	553,297	9,985
A	17,440	22,993
BBB+	8,799	17,268
Lower rated and non-rated	100,258	53,321
Total	682,200	526,356

(Fitch ratings or equivalent S&P/Moody's ratings)

Cash balances

Rated AAA	524	-
AA +	-	331
AA	74,376	61,948
AA -	122,284	140,098
A +	827	56,846
A	-	2,258
A -	6,598	7,106
Lower rated and non-rated	9	715
Total	204,618	269,302

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

16 Financial risk management objectives and policies (continued)

Concentration risk

The largest concentration of cash balances as at 31 March 2010 was 32.0% (2009 19.9%) of the total investment portfolio to a UK based AA rated banking group (2009 AA)

The largest concentration of exposures to exchanges, clearing houses and other counterparties exposures as at 31 March 2010 was 84.1% (2009 73.1%) to a single UK based A+ rated clearing house (2009 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	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Impact on profit before tax	270/(270)	311/(311)	540/(540)	622/(622)
Tax effect	(76)/76	(87)/87	(152)/152	(174)/174
Impact on profit after tax	194/(194)	224/(224)	388/(388)	448/(448)

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.

	2010	2010	2009	2009
	US\$	Euro	US\$	Euro
	£'000	£'000	£'000	£'000
Net Exposure	(3,550)	(9,523)	(5,370)	(1,262)
Reasonable shift	8.6%	4.1%	10.3%	8.7%
Total effect on profit before tax of positive movements	(305)	(390)	(553)	(110)
Total effect on profit before tax of negative movements	305	390	553	110

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

16 Financial risk management objectives and policies (continued)

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.

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 reflect 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.

Notes to the Financial Statements
for the year ended 31 March 2010 (Continued)

16 Financial risk management objectives and policies (continued)

Value at risk (continued)

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.

	2010	2009
	£'000	£'000
VaR (99.5% confidence interval and 10-day holding period)	1,820	1,447

The trend in the Group's market risk exposure has been to remain fairly constant as shown by the average month end figure during the period to 31 March 2010 on a 10 day basis being £1,578,225, compared to the average month end figure during the year ended 31 March 2009 of £1,521,501.

Amounts included in the Income Statement in relation to financial instruments

	2010	2009
	£'000	£'000
Interest on assets held at fair value	3,521	12,890
Interest expense on liabilities held at amortised cost	(1,822)	(7,321)
Net interest income	1,699	5,569
Net gain/(loss) on foreign exchange forward contracts	3,269	(575)
Total	4,968	4,994

**Notes to the Financial Statements
for the year ending 31 March 2010 (Continued)**

17 Share capital

	Authorised	
	2009	2009
	Number	£
Ordinary "A" shares of £1 each	125,000,000	125,000,000
Ordinary "B" shares of £0.0001 each	10,000,000	1,000
Ordinary "C" shares of £0.0001 each	10,000,000	1,000

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

	Issued and fully paid		Issued and fully paid	
	2010	2010	2009	2009
	Number	£	Number	£
At 31 March				
Ordinary "A" shares of £1 each-		-	100,000,000	100,000,000
Ordinary shares of £0.0001 each	75,516,874	7,552	-	-
Non-voting Ordinary shares of £0.0001 each	4,483,061	448	-	-
Deferred shares of £1 each	106,798,659	106,798,659	-	-
Growth shares of £0.0001 each	7,530,823	753	-	-
Ordinary "B" shares of £0.0001 each	-	-	7,239,948	712
Ordinary "C" shares of £0.0001 each	-	-	2,533,061	253

On 18 February 2010 Board resolutions were passed, so that

- each existing £1 A Ordinary share was sub-divided into 10,000 £0.0001 shares,
- certain A, B and C Ordinary shares were deferred by varying the rights of, and renaming, existing shares of £0.0001 each into Deferred Shares of £0.0001;
- the rights were varied of certain existing B Ordinary shares and C Ordinary shares, and were re-named, into non-voting Ordinary shares of £0.0001 each,
- every 10,000 Deferred shares of £0.0001 were consolidated into 1 Deferred share of £1 each,
- the rights were varied by reference to the holding of shareholders, and
- created of a new class of Growth shares of £0.0001

On 15 March 2010 7,530,823 Growth shares of £0.0001 were subscribed for at par

**Notes to the Financial Statements
for the year ending 31 March 2010 (Continued)**

17 Share capital (continued)

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
Growth Shares	No voting rights, no rights to participate in dividends, no entitlement to participate in winding up and no right of redemption
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

18 Share-based awards

The Group operates 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 of Marex group 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

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	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	2,660	307	704	1,649	2,437,095
2007/8 scheme	2,466	959	1,507	-	2,441,495
2008/9 scheme	1,946	1,946	-	-	1,927,092

The number of shares granted for the 2006/7 scheme has been reduced to 2,437,095 due to employees leaving the scheme and forfeiting 61,978 shares

Notes to the Financial Statements
for the year ending 31 March 2010 (Continued)

18 Share-based awards (continued)

On 4 December 2009, the ultimate controlling company of the Group signed a Sale and Purchase Agreement (SPA) for the sale and purchase of a 74% stake in the Marex Group Limited class A ordinary shares. The sale was completed on 12 February 2010 subsequent to the FSA approving the change of majority shareholder. The sale constituted a liquidating event in terms of the share based plan. In terms of IFRS 2, this is a settlement of the scheme which is treated as an acceleration of vesting and a charge is made to the profit and loss account in respect of all previously uncharged amounts.

19 Reserves

Group:

	Share-based awards reserve	Share premium	AFS reserve	Retained earnings
	2010	2010	2010	2010
	£'000	£'000	£'000	£'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	-	-
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
	Share-based awards reserve	Share premium	AFS reserve	Retained earnings
	2009	2009	2009	2009
	£'000	£'000	£'000	£'000
At 1 April 2008	1,649	3,600	4,490	14,645
Profit for the year	-	-	-	19,142
Share based payment	2,211	-	-	-
Movement in valuation of unlisted shares	-	-	(1,595)	-
Deferred tax on movement in valuation of unlisted shares	-	-	447	-
Dividend paid	-	-	-	(14,315)
At 31 March 2009	3,860	3,600	3,342	19,472

Notes to the Financial Statements
for the year ending 31 March 2010 (Continued)

19 Reserves (continued)
Company:

	Share-based awards reserve	Share premium	Retained earnings
	2010	2010	2010
	£'000	£'000	£'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	(7,202)	266	-
Dividend paid	-	-	(23,301)
At 31 March 2010	-	3,866	5,922

	Share-based awards reserve	Share premium	Retained earnings
	2009	2009	2009
	£'000	£'000	£'000
At 1 April 2008	1,649	3,600	7
Profit for the year	-	-	14,741
Share based payment	2,211	-	-
Dividend paid	-	-	(14,315)
At 31 March 2009	3,860	3,600	433

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

Notes to the Financial Statements
for the year ending 31 March 2010 (Continued)

20 Dividends paid and proposed

	2010 £'000	2009 £'000
Declared and paid during the period/year		
Dividend on ordinary shares		
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	
First Dividend - paid 23 July 2008 on A shares	-	5,250
Second Dividend - paid 19 December 2008 on A shares	-	9,013
Third Dividend - paid 4 March 2009 on C shares	-	52
	23,301	14,315

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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Not later than one year	597	696	1,202	1,202
Later than one year and not later than five years	113	710	2,842	4,044
At 31 March	710	1,406	4,044	5,246

Notes to the Financial Statements
for the year ending 31 March 2010 (Continued)

22 Company financial statements – Profit for the year

As permitted by section 408 of the Companies Act 2006 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 2010 of £28,790,127 (for the year ended 31 March 2009 profit of £14,741,024). The Company paid dividends of £23,300,661 during the year (2009 £14,315,457).

23 Contingent liabilities and other commitments

As at 31 March 2010 the Group had £59,296,349 (2009 £109,250,790) of bank guarantees lodged with clearing houses to offset initial margin requirements.

24 Significant non-cash items

During the year, Marex Group Limited issued 6,805,682 shares as part of its share based payments awards to the Employee Benefit Trust at par for a net nil consideration.

25 Subordinated loan

	2010	2009
	£	£
Subordinated loan repayable 2013	1,977	-

On 30 March 2010 the Company advanced £1,976,545 (US\$3,000,000) to Marex USA Limited, the Company's subsidiary undertaking, under a Revolving Subordinated Loan Agreement, which terminates on 30 March 2013. Interest is payable at the US Prime rate plus 0.5%.

26 Post Balance Sheet Events

On 4 June 2010 the Group's parent company gave notice, pursuant to the Shareholder's Agreement that they were exercising the First Year Call option to purchase the Marex Group Limited shares held by a minority shareholder. The completion date is subject to regulatory approval.

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.

27 Ultimate and immediate parent undertaking

In the directors' opinion, the immediate parent and controlling party is Amphitryon Limited, a company incorporated in Jersey, Channel Islands.