MAREX SPECTRON

Marex Spectron Group Limited

Annual Report and Financial Statements

Year ended 31 December 2013

Registered number: 05613060

Contents

COMPANY INFORMATION

Country of incorporation

England and Wales

Legal form

Private limited company

Directors

J C Cohen
S Fink
D A Hallgarten
S J N Heale
J M Isaacs
P Kadas
I T Lowitt
R B Nagioff
J P Phizackerley
V Pignatti-Morano
S H Sparke
P M Sugarman
J P Wall

Secretary and registered office

N R Edwards

155 Bishopsgate, London, EC2M 3TQ

Company number

05613060

Auditors

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

Bankers

JP Morgan Chase Bank, 35 Bank Street, London, E14 5JP

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

DIRECTORS' REPORT

The directors present their report and audited financial statements of Marex Spectron Group Limited ('the Group' or 'Marex Spectron') for the year ended 31 December 2013.

About Us

Marex Spectron is a global brokerage focused primarily on physical and financial commodity markets.

Headquartered in London, but with a global network spanning Asia and North America, Marex Spectron has dominant market shares in many major Agricultural, Metals and Energy products.

Our mission is to ensure that we offer our clients unequalled access to liquidity in global commodity markets, on-exchange or off-exchange. Our business is integrated, truly global and prudently managed. We offer electronic and voice broking services. We have built state of the art networks to facilitate complex trading strategy. We offer insight and know how, based on decades of experience, the latest analytic tools and a vast market data set.

While commodity markets form the core of our business, we have responded to client demand for broader services and have active, successful, teams broking foreign exchange, financial futures and options, and fixed income and equity securities.

We also have a division that provides a full suite of services to trading companies who need to outsource infrastructure and support operations and units that provide leading electronic trading solutions.

Our range of clients is broad including commodity producers and consumers, banks, hedge funds, asset managers, brokers, commodity trading advisors and professional traders.

We are members of the LME (where we are a Ring Dealer), the CME Group exchanges, ICE US, NYSE Liffe, ICE Futures and Eurex. We are regulated in the UK by the FCA (which also regulates our Group), in the US by the NFA, in Hong Kong by the SFC, and in Singapore by the MAS and IES.

Chief Executive Officer Review

Overview

Our strategy: we focus on our strengths in our core commodity markets, investing in new operations where they are complementary to our existing business or are a direct response to client demand. We continue to expand our geographical footprint, leading with these core products where our existing global market share creates a significant competitive advantage. We view our financial robustness, our sizeable regulatory capital and liquidity surpluses as a necessary safeguard, for both our clients and shareholders, through the economic cycle and market volatility.

I am pleased to say that we executed our strategy successfully in 2013, despite industry-wide adverse headwinds from a mixture of changing regulation, steep rises in the cost of trading (exchange and clearing house fees) and the withdrawal from commodity markets of several clients, intermediaries and counterparties.

Executing well on our strategy means that we are positioned to take advantage of the opportunities created by the very wide-ranging changes in our markets. Media attention has focused on the withdrawal from commodity markets of several major banks and the closure of some high profile commodity investment funds. Some of our larger, more diverse rivals are experiencing difficulties in

DIRECTORS' REPORT (CONTINUED)

their core products. We have also seen smaller competitors close or sell themselves as the cost of doing business in new regulatory regimes continues to rise.

The companies that succeed in this environment will be those that are built on solid foundations and can maintain focus on serving clients. At Marex Spectron, this is what we are and what we do.

2013 was a difficult year for our industry. Commodity markets generally were lacklustre, volatility was lower than normal and clients were understandably conservative against the backdrop of an uncertain global economy. Despite this, our commission revenue grew strongly demonstrating the confidence our clients have in us and our ability to attract both incremental and new business as competitors withdraw. Against this, the cost of trading rose sharply last year as exchanges increased their fees materially. New regulation required – and will continue to require – significant investment in the platform.

Through the year, we restructured a number of businesses and streamlined our management reporting lines to improve profitability in 2014 and beyond.

We worked to ensure that our cost base was tightly controlled so that we could better absorb rising market costs. We continue to grow strongly in Asia and North America – where demand for our services is surging – and stay at the forefront of commodity markets, bringing new products to clients and playing a major role in enhancing transparency and accessibility.

Conclusion

Our goal in 2013 was two fold: 1) to grow only in those businesses or geographies where opportunity was clearly and demonstrably aligned with our core competences and where we had a high probability of success; 2) to focus on making all of our businesses more efficient. I believe that we achieved both these goals. Looking forward, while the most likely scenario for 2014 is continued difficult markets and despite the unpredictable impact of new regulation and a rapidly changing competitive environment, I am confident that we are well placed going forward.

DIRECTORS' REPORT (CONTINUED)

Directors

The following directors have held office throughout the year and to date to of report, except where noted were:

J C Cohen
S Fink
D A Hallgarten
S J N Heale
J M Isaacs
P Kadas
I T Lowitt
R B Nagioff
J P Phizackerley
V Pignatti-Morano
G H Prentice (resigned 03 May 2013)
S H Sparke
P M Sugarman
J P Wall

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, the directors are covered by an insurance policy.

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 have adequate resources to continue to operate for the foreseeable future and for at least 12 months from the signing of the balance sheet and confirm that the Group and Company are a going concern. For this reason they continue to adopt the going concern basis in preparing these financial statements.

Dividends

No dividends were paid during the year ended 31 December 2013 (2012: $nil).

DIRECTORS' REPORT (CONTINUED)

Charitable and Political Contributions

In 2013, the directors of the Group implemented a charity contribution programme whereby $100,000 was made available to help employees in supporting charitable causes. This provided an opportunity for the Group and its employees to engage with charitable activities throughout the year and support a wider range of charitable causes. Employees selected and raised funding for their chosen charity and the Group matched the funding by contributing $1 for every $2 raised.

The total Group charitable donations from this programme were $17,000 during the year ended 31 December 2013 (2012: $900,000). No contributions were made for political purposes during the year (2012: $nil).

Foreign Exchange

At the balance sheet dates, the Sterling / US Dollar exchange rate was £ / US $1.6559 (31 December 2012: £ / US $1.6255) and the Euro / US Dollar exchange rate was Euro / US$ 1.3746 (31 December 2012: Euro / US$ 1.3196).

Events after the reporting period

Events since the statement of financial position date are disclosed in note 28.

Auditors

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

Directors' Statement as to Disclosure of Information to the Auditors

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.

DIRECTORS' REPORT (CONTINUED)

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and regulations.

Company law and the Financial Conduct Authority ('FCA') requires the directors to prepare Group financial statements for each financial year, in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and applicable law.

Under company law, the directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the Group financial statements, the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group;
- select suitable accounting policies in accordance with 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;
- make judgments and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union 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 whether the Group financial statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

DIRECTORS' REPORT (CONTINUED)

Directors' Responsibilities (Continued)

The directors are responsible for keeping proper 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 enable them to ensure that the Group financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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.

Approved by the Board and signed on its behalf by:

J P Wall
Director

Date: 14 April 2014

STRATEGIC REPORT

Review of the Financial Performance

2013 was a particularly challenging year for our industry, in which a bear market for commodities combined with the lowest levels of volatility for a decade. Under economic and regulatory pressure, banks exited or reduced their commodity-related activities and many prominent commodity funds closed. Exchanges, which have been an increasing focus of regulators, bolstered their capital and looked to improve returns on this new capital by increasing pricing, and requiring larger contributions to their default funds, which increased the cost of doing business. These pressures produced sizeable year-on-year reductions in the revenue of our competitors' commodity brokerage operations, which fell 4% at the low end, to 16% in the worst case. Our revenue, conversely, was up 3% ($358.1 million in 2013 vs. $346.3 million in 2012) which demonstrates the strength and growth of our client franchise and our ability to prevail in tough times.

Given this environment, management considered it prudent to engage in a number of actions to lower the Group's breakeven point and increase profitability levels going forward. Specifically, we scaled back aspects of our Equity Commission business, restructured and refocused our FX business, restructured the management team, rationalised our real estate footprint, closed our loss-making Geneva office, and reduced our investment in building out specific components of our electronic markets business. While these restructuring actions incurred costs in 2013, they will increase the Group's profitability by an estimated $10 million per annum from 2014.

Given the market backdrop, Marex Spectron performed well. Our strategy of focusing on creating deep liquidity pools in markets where we can build substantial market share has served us well, helping us to increase commission revenue in 2013. We gained share in Metals and our core Agricultural markets, and maintained share in our OTC energy markets. Gross commissions increased from $269.8 million in 2012, to $296.6 million in 2013, an increase of 10%, which in a flat to shrinking fee pool is indicative of impressive share gains. The cost of trading increased from $84.1 million in 2012 to $103.1 million in 2013 (23%), reflecting rising exchange fees, so net commissions increased more modestly from $185.8 million to $193.1 million (4%). Market making revenues were down year-on-year reflecting the impact of lower volatility on our market making activities in Metals and Agricultural products.

In 2013, notwithstanding the difficult environment, we saw our geographic expansion strategy validated with revenues in North America and Singapore growing more than 30 per cent, and revenues in Hong Kong more than doubling. Our business in America is now profitable and the Hong Kong business supporting our Asian client base is performing very well and was also profitable through the year. Our Singapore business, which is at an earlier stage of development, is not yet profitable, but performance has been encouraging.

While we restructured a number of businesses, resulting in over 70 producers departures, we continued to invest in hiring producers in our core commodity businesses adding new producers through the year to largely offset the leavers and we ended the year essentially unchanged in headcount with over 600 employees on average through the year, and a mix that better reflects the opportunities we see going forward.

Although our gross revenues were $12 million higher in 2013 than 2012, our operating costs increased by $14 million. The main driver of this was the increase in exchange fees ($19 million) which offset the cost reductions we implemented through the year.

Converting our 2013 PBT to 'ebitda', we add back $8.2 million of one-time 'restructuring' costs which include 2013 expenses unrelated to the on-going running of the firm, and depreciation and amortisation charges of $9.3 million. Ebitda in 2013 was $11.3 million.

STRATEGIC REPORT (CONTINUED)

The $8.2 million of 'restructuring' costs includes: closure of Geneva ($1.4 million); restructuring management team ($1.8 million), property rationalisation, including a provision for onerous lease at Grosvenor Place ($4.1 million); one uncollectible receivable arising despite prevailing in a legal case ($1.3 million).

Performance Highlights

Marex Spectron's geographical growth comes from both Asia, which is growing in importance as a centre for commodity trading, and North America where rapid changes in energy and agriculture markets are creating opportunities.

In Singapore, where we are mainly focused on energy markets, revenue grew 32%. While the office is not yet profitable, its growth continues to be impressive and we are committed to building our teams there through 2014.

In Hong Kong, where Metals dominate our business, revenue grew by 116% and we were profitable for the first time.

North America, also profitable, saw revenue grow 32% as several key new hires helped us broaden and deepen our business in energy markets.

Across all our core commodity businesses – Agricultural, Energy and Metals products – the observable trends in 2013 were: commission revenues grew as our market share increased, but this was more than offset by the cost per trade increasing and market making revenue declining. Accordingly, profitability in the core businesses was lower than in 2012.

Our financial futures and options desk continued to grow and carve out a niche as the market's leading intelligence-led broking service. Revenue here grew by 12%.

In equity and fixed income securities, 2013 was a period of readjustment as we focused on building our strengths in niche areas and recruiting high quality brokers with strong client relationships.

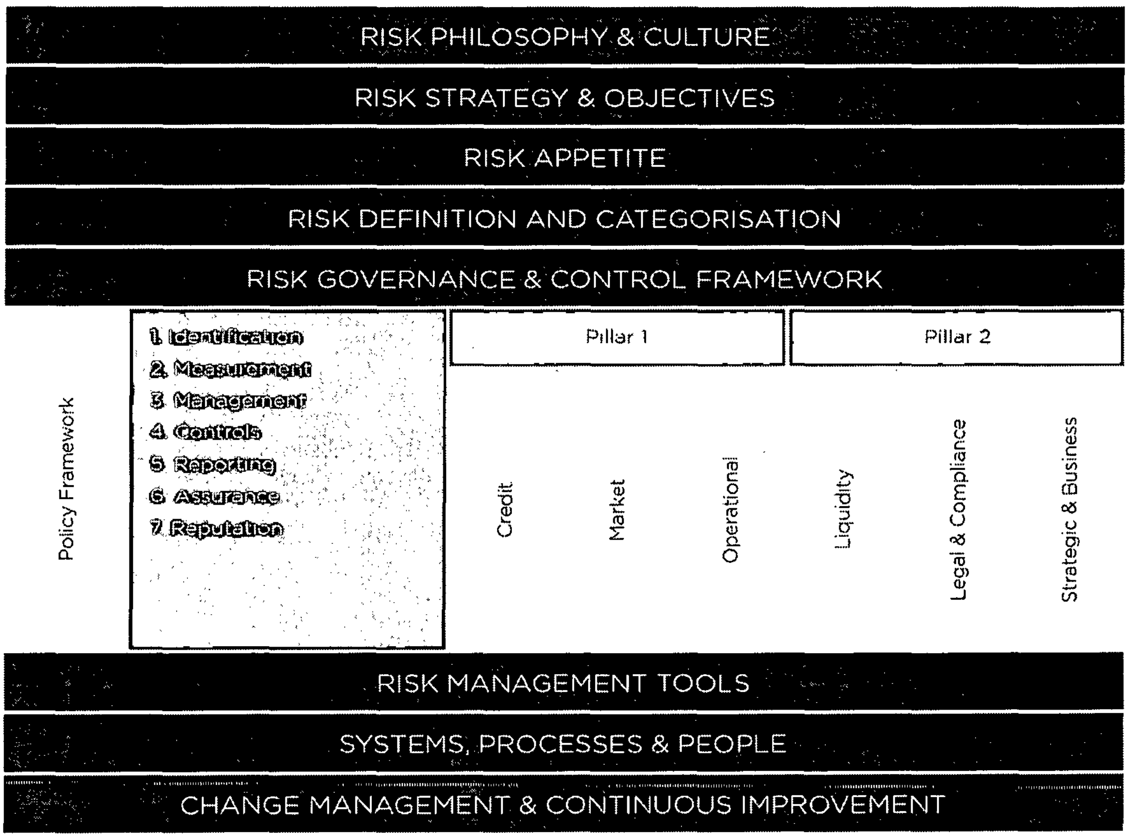
The ProTrader division, which provides technology, property and control and support services for individual or small firm traders, grew revenue by 14% in 2013 and was profitable.

STRATEGIC REPORT (CONTINUED)

Overview of Risk Management

Excellence in risk management is at the core of Marex Spectron's business operations. We have rigorous risk management procedures and well-established risk management processes. The Group views risk management as a key factor in delivering its strategic business aims and objectives whilst ensuring its long term sustainability and effective corporate governance.

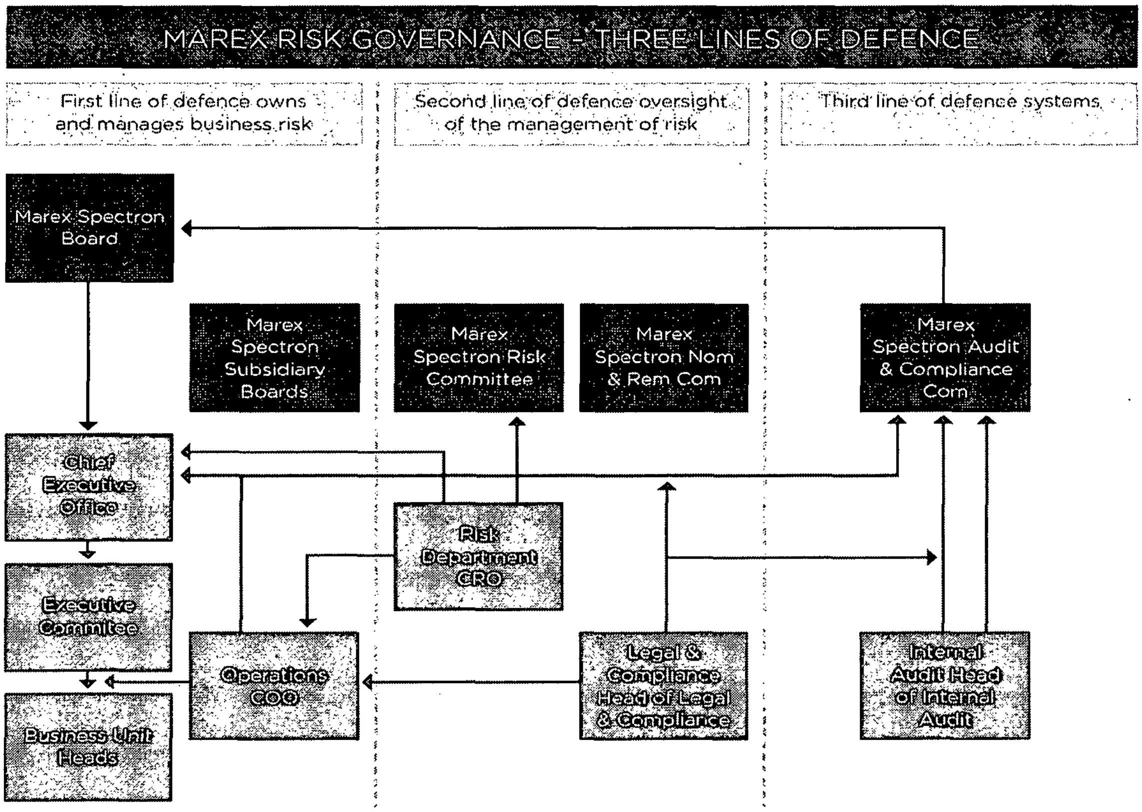
Business strategy, risk strategy and risk appetite are all aligned to ensure that decision making across the Group reflects the correct approach to risk. By taking into account the risks posed across each of the business lines, the effective management of capital and liquidity within Marex Spectron is optimised. The Marex Spectron Enterprise Wide Risk Management ('EWRM') Framework sets out the risk management approach. The EWRM Framework consists of the following eight key components:



STRATEGIC REPORT (CONTINUED)

Governance Structure

Marex Spectron's risk governance model underpins how the risk management structure is directed across the Group.



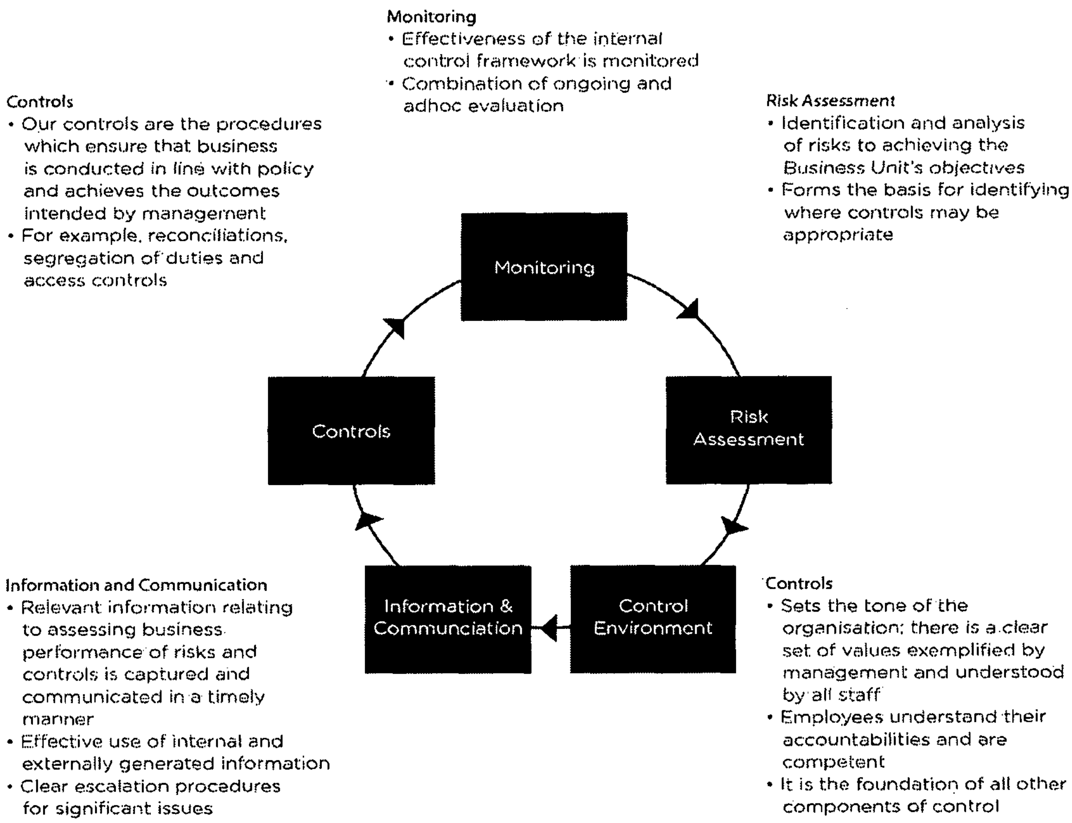
In pursuit of effective risk governance, a 'Three Lines of Defence' model has been adopted in conjunction with a strong risk culture, good communication and understanding and a strong sense of risk awareness across the Group:

- the first line of defence covers the controls in place to deal with and manage the day-to-day risk management within the business units, support functions and embedded operational risk staff;
- the second line of defence consists of the specialist control functions which make up the Risk Management infrastructure of the Group; and
- the third line of defence is Marex Spectron's internal audit function auditing and covering all aspects of both the first and second lines of defence.

STRATEGIC REPORT (CONTINUED)

Risk Control and Reporting Framework

There is a clearly defined suite of risk tools, processes, policies and procedures in place that allow for the successful monitoring and control of the risks of the group and a clearly defined escalation / reporting process in place feeding to senior management and key staff within the Group. The Control and Reporting Framework consists of the following components:



Risk Policy Framework

Marex Spectron's policy framework sets out the rules and guidelines for drafting, approving, communicating, implementing, embedding and monitoring compliance for all risk-related policies across the Group. The policy framework defines the key policies necessary to manage all risks arising within each risk category across the Group and aims to deliver a focused and consistent enterprise-wide view of risk. Specific policies and procedures have been implemented to address each of the principal risks (see below). The process and methodology for addressing each risk may differ depending on the relevant business unit.

STRATEGIC REPORT (CONTINUED)

The policy framework sets the minimum standards for how each risk is:

- identified – the method used to identify risk exposures;
- measured – how the likelihood, severity and impact / quantum of those risks are measured;
- managed – how minimum standards are set to manage the risks;
- controlled – the controls in place to help mitigate the risks;
- reported – how the risks are communicated, reported, and escalated; and
- assured – how the risk management process is overseen by an independent function.

Internal Audit

The Group has an internal audit function and this represents the Group's third line of defence providing independent assurance to senior management and the board. The objectives of Internal Audit are to assess the effectiveness of the Group's risk management, internal controls and governance process; whether operational and financial controls are appropriate and consistently applied; the effectiveness of internal controls for the safeguarding of assets; the reliability and integrity of management information; and the adequacy of processes to ensure compliance with applicable laws and regulations.

Principal risks and uncertainties

The Group faces a variety of risks that are inherent in its normal course of business. The following are deemed to be the principal risks and uncertainties that could affect the Group's activities.

Credit risk

Credit risk refers to the risk of loss arising when a third party, who owes the Group money, securities or other assets, fails to perform on their contractual obligations arising from their activities with the Group. This situation may arise due to their lack of liquidity, bankruptcy, operational failure as well as other reasons. In addition, a failure or concerns regarding default of a large financial institution could lead to liquidity problems, losses or subsequent defaults by other institutions which could, subsequently, adversely affect the Group.

This risk is mitigated by the robust client approval process, the taking of collateral and the continual and 'real time' monitoring of clients / counterparties and their exposures. Most clients are required to pre-fund their obligations to the Group, but a small sub-set are granted credit facilities following detailed qualitative and quantitative analysis and approval by the Group's Credit Committee and, if necessary, the Board Risk Committee. Concentrations of risk are carefully monitored and controlled, whether they are the result of a single client or counterparty, geography, sector, market or product and remedial action is taken where either a risk appetite level is approached / breached or where considered necessary for other reasons.

STRATEGIC REPORT (CONTINUED)

Market risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices) or other market factors, will result in losses for a position. Market risk is also directly impacted by the 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.

The price level or volatility of the markets in which the Group operates can adversely affect its ability to meet its business objectives and earnings. The Board has clearly defined its risk appetite for market risk and a variety of measurement methodologies, including Value-at-Risk ('VaR'), scenario analysis and stress testing are used to quantify and assess the levels of market risk to which the Group is exposed and to ensure that it remains within the defined risk appetite.

The Group's overall exposure to market risk is mitigated by its operation 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.

Although the Group may, from time-to-time, hold metal warrants, the market risk in this activity is largely eliminated or minimised by hedging these warrants using spot and forward trades on the London Metal Exchange.

Foreign currency risk

As the majority of the revenue and assets and liabilities of the Group are generated in US Dollars, the Group is subject to minimal structural currency risk. In addition, a small level of foreign currency market risk is derived from the FX desk.

Interest rate risk

The Group is exposed to interest rate risk on cash and investment balances it holds, client balances and bank borrowings. The Group's view is that the main interest rate risk is derived from interest-bearing deposits, in which the Group invests surplus funds, and bank borrowings.

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. 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 disaster recovery and business continuity facilities to support its activities and the invocation of these facilities is regularly tested.

STRATEGIC REPORT (CONTINUED)

Liquidity risk

The Group defines liquidity risk as the failure to meet its day-to-day capital and cash flow requirements. Liquidity risk is assessed and managed under the Individual Liquidity Adequacy Assessment ('ILAA') and Liquidity Risk Framework. The Group's liquidity could be impaired by an inability to sell assets or unforeseen outflows of cash or collateral. This situation may arise due to circumstances beyond the Group's control, such as general market disruption or an operational problem that affects third parties or the Group or even by the perception amongst market participants that the Group is experiencing greater liquidity risk.

The Group's ability to sell assets may be further impaired if other market participants are seeking to sell similar assets at the same time, as is likely to occur in a liquidity or other market crisis.

To mitigate liquidity risk, the Group has implemented robust cash management policies and procedures that monitor liquidity daily to ensure that the Group has sufficient resources to meet its margin requirement at clearing houses and third party brokers. There are strict guidelines in relation to products and duration into which excess liquidity can be invested.

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

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

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

Legal and compliance 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 LME (where we are a Ring Dealer), the CME Group exchanges, ICE US, NYSE Liffe, ICE Futures and Eurex. We are regulated in the UK by the FCA (which also regulates our Group), in the US by the NFA, in Hong Kong by the SFC, and in Singapore by the MAS and IES..

Legal risk can also arise through litigation or the failure of contractual documentation when relied upon. Litigation risk is hard to completely eliminate, but the Group mitigates this risk through its transparent and considered approach to the activities which it undertakes. The failure of contractual documentation when relied upon is mitigated by using market standard documents wherever possible and ensuring that bespoke or amended documentation is thoroughly reviewed by our internal legal team or external counsel.

STRATEGIC REPORT (CONTINUED)

Business and strategic risk

This risk is defined as the impact of a change or a failure to change the Group's business model which impacts its ability to meet its strategic or financial objectives. This risk is mitigated through regular reviews by the Board and its Executive Committee of the regulatory and business environment, the performance of its business lines, the level of investment in new and existing activities and its remuneration policy.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains strong capital ratios in order to support its business growth as well as to maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In addition, the Group 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 the Group's Internal Capital Adequacy Assessment Process ('ICAAP') document. The detailed capital table is included in note 19.

Future development

Our goal in 2013 was to grow only in these businesses or geographies where opportunity was clearly and demonstrably within our grasp and to work hard on making our core business more efficient. We believe that we achieved those goals and while we continue to wrestle with difficult markets, the unpredictable impact of new regulation and a rapidly changing competitive environment we are confident that we are well placed to make the most of 2014.

Approved by the Board and signed on its behalf by:

J P Wall
Director

Date: 14 April 2014

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAREX SPECTRON GROUP LIMITED

We have audited the financial statements of Marex Spectron Group Limited for the year ended 31 December 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Shareholders' Equity, and the Consolidated and Company Statements of Cash Flows, and related notes on pages 32 to 73. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union, and as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Group'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 Group's members those matters we are required to state to them in an auditors' 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 Group and the Group'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 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2013 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

AUDITORS' REPORT (CONTINUED)

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 Companies Act 2006 requires us to report to you if, in our opinion:

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

Ernst & Young LLP

Robert McCracken (Senior Statutory Auditor)

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

London

Date: 15 April 2014

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Revenue	2	358,095	346,276
Operating expenses		(365,746)	(351,554)
Provision for doubtful debts	14	(1,425)	(178)
Operating loss		**(9,076)**	(5,456)
Other non-operating income	4	2,830	30,995
Other non-operating expenses	4	(527)	(5,000)
Finance income (net)	6	585	466
(Loss) / profit before tax		**(6,188)**	21,005
Taxation	9	1,082	(8,626)
(Loss) / profit after tax		**(5,106)**	12,379
Attributable to:			
Equity holders of the parent	22	(5,106)	12,289
Non-controlling interest	28	-	90
		(5,106)	12,379

All operations are continuing for the current and prior years.

The notes on pages 32 to 73 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
(Loss) / profit after tax		(5,106)	12,379
Other comprehensive income			
Reclassification adjustment for gains on sale of Available-for-Sale ('AFS') investments, included in income statement		(1,666)	-
Net gain on revaluation of AFS investments	22	985	848
Other comprehensive income, net of tax		**(681)**	848
Total comprehensive (loss) / income		**(5,787)**	13,227
Attributable to:			
Equity holders of the parent		(5,787)	13,137
Non-controlling interest	28	-	90
		(5,787)	13,227

The notes on pages 32 to 73 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013
Registered number: 05613060

	Note	2013 $'000	2012 $'000
Assets			
Non-current assets			
Property, plant and equipment	7	11,037	13,008
Goodwill	8	145,601	145,601
Other intangible assets	8	1,622	2,682
Investments	10	8,152	14,472
Deferred tax asset	9	832	469
Other assets	12	661	688
Total non-current assets		**167,905**	176,920
Current assets			
Derivative instruments	13	72,537	7,146
Trade and other receivables	14	603,461	345,986
Financial assets - held to maturity	15	59,994	59,981
Cash and cash equivalents	16	310,021	419,183
Total current assets		**1,046,013**	832,296
Total assets		**1,213,918**	1,009,216
Liabilities			
Current liabilities			
Derivative instruments	13	8,900	20,511
Trade and other payables	17	859,938	632,378
Corporation tax liability		3,635	8,571
Provisions	18	2,645	2,353
Total current liabilities		**875,118**	663,813
Total liabilities		**875,118**	663,813
TOTAL NET ASSETS		**338,800**	345,403

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013
Registered number: 05613060

		2013	2012
		$'000	**$'000**
Capital and reserves attributable to equity holders of the Group			
Share capital	21	176,238	176,238
Share premium	22	134,286	134,286
Retained earnings	22	28,620	33,726
Other reserves	22	(244)	(244)
Revaluation reserve	22	(100)	581
		338,800	344,587
Non-controlling interest	28	-	816
TOTAL EQUITY		**338,800**	345,403

The notes on pages 32 to 73 form part of these financial statements.

The financial statements on pages 21 to 73 were approved and authorised for issue by the Board of Directors on 25 March 2014 and signed on its behalf by:

I T Lowitt
Director

Date: 14 April 2014

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital $'000	Share premium $'000	Retained earnings $'000	Other reserves $'000	Revaluation reserve $'000	Non-controlling interest $'000	Total $'000
At 1 January 2012	176,237	133,844	21,437	(54)	(267)	363	**331,560**
Share capital issued	1	442	-	-	-	-	**443**
Non-controlling interest of entities acquired	-	-	-	(235)	-	363	**128**
Profit for the year	-	-	12,289	-	-	90	**12,379**
Revaluation of AFS investment	-	-	-	-	1,101	-	**1,101**
Deferred tax on revaluation of AFS investments	-	-	-	-	(253)	-	**(253)**
Foreign currency translation	-	-	-	45	-	-	**45**
At 31 December 2012	**176,238**	**134,286**	**33,726**	**(244)**	**581**	**816**	**345,403**
Reclassification adjustment for gains on sale AFS investments, included in consolidated income statement	-	-	-	-	(1,666)	-	**(1,666)**
Non-controlling interest movement	-	-	-	-	-	(816)	**(816)**
Loss for the year	-	-	(5,106)	-	-	-	**(5,106)**
Revaluation of AFS investments	-	-	-	-	1,190	-	**1,190**
Deferred tax on revaluation of AFS investments	-	-	-	-	(205)	-	**(205)**
At 31 December 2013	**176,238**	**134,286**	**28,620**	**(244)**	**(100)**	**-**	**338,800**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Operating activities			
(Loss) / profit before tax		(6,188)	21,005
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property plant and equipment	7	7,306	6,981
Amortisation of intangible assets	8	1,941	2,200
Gain on sale of investments	4	(2,268)	(30,798)
Impairment of intangible assets and investments	8	527	5,000
Movement in the fair value of other assets		27	-
Operating cash flows before changes in working capital		**1,345**	4,388
Working capital adjustments			
Increase in trade receivables	14	(257,475)	(16,845)
Increase / (decrease) in trade payables	17	227,560	(168,048)
Increase in provisions	18	292	1,123
Decrease in inventory		-	69,219
Net increase in derivative instruments	13	(77,002)	(60,050)
Increase in financial assets held to maturity	15	(13)	(59,981)
Cash outflow from operating activities		**(105,293)**	(230,194)
Corporation tax paid		(4,216)	(3,174)
Corporation tax consortium relief paid to ultimate parent		-	(3,393)
Foreign currency translation		(681)	124
Net cash outflow from operating activities		**(110,190)**	(236,637)
Investing activities			
Purchase of fixed assets	7	(5,335)	(8,111)
Purchase of intangibles	8	(1,408)	-
Acquisition of non-controlling interest	28	(816)	-
Proceeds from the disposal of investments	10	8,587	50,328
Development expenditure capitalised		-	(3,777)
Purchase of STA		-	(1,960)
Net cash inflow from investing activities		**1,028**	36,480

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Financing activities			
Proceeds from issue of shares		-	442
Net decrease in cash and cash equivalents		**(109,162)**	(199,715)
Cash and cash equivalents at 1 January			
Cash available on demand and short term deposits		419,183	618,898
Decrease in cash and cash equivalents	16	(109,162)	(199,715)
		310,021	419,183
Cash available on demand and short term deposits		310,021	419,183
Cash and cash equivalents at 31 December		**310,021**	419,183

Included in cash and cash equivalents at 31 December 2013 are balances of $190,523,000 (2012: $318,842,000) held by the Company on behalf of clients in accordance with client money rules of the Financial Conduct Authority.

COMPANY STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013
Registered number: 05613060

	Note	2013 $'000	2012 $'000
Assets			
Non-current assets			
Investments	10	365,856	353,456
Deferred tax asset	9	14	275
Subordinated loan due from group undertakings	27	9,500	23,000
Total non-current assets		**375,370**	376,731
Current assets			
Trade and other receivables		29	55
Amounts due from group undertakings		329	20,021
Cash and cash equivalents		98	67
Total current assets		**456**	20,143
Total assets		**375,826**	396,874
Liabilities			
Current liabilities			
Corporation tax liability		580	341
Amounts due to group undertakings		53,887	76,140
Total current liabilities		**54,467**	76,481
Total liabilities		**54,467**	76,481
TOTAL NET ASSETS		**321,359**	320,393

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Capital and reserves attributable to equity holders of the Company			
Share capital	21	176,238	176,238
Share premium	22	134,286	134,286
Profit and loss account	22	10,895	10,739
Revaluation reserve	22	(60)	(870)
TOTAL EQUITY		**321,359**	320,393

The financial statements on pages 21 to 73 were approved and authorised for issue by the Board of Directors on the 25 March 2014 and were signed on its behalf by:

I T Lowitt
Director

Date: 14 April 2014

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital	Share premium	Retained earnings	Revaluation reserve	Total
	$'000	$'000	$'000	$'000	$'000
At 1 January 2012	176,237	133,844	10,115	(420)	319,776
Share capital issued	1	442	-	-	443
Profit for the year	-	-	624	-	624
Revaluation of AFS investments	-	-	-	(585)	(585)
Deferred tax on revaluation of AFS investment	-	-	-	135	135
At 31 December 2012	**176,238**	**134,286**	**10,739**	**(870)**	**320,393**
Disposal of AFS investment	-	-	-	209	209
Loss for the year	-	-	156	-	156
Revaluation of AFS investments	-	-	-	782	782
Deferred tax on revaluation of AFS investment	-	-	-	(181)	(181)
At 31 December 2013	**176,238**	**134,286**	**10,895**	**(60)**	**321,359**

The notes on pages 32 to 73 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Operating activities			
Profit before tax		335	432
Impairment of investment in subsidiaries	10	527	-
Operating cash flows before changes in working capital		**862**	432
Working capital adjustments			
Decrease in trade receivables		26	182
Decrease / (increase) in amounts due from group undertakings		19,692	(19,293)
(Decrease) / increase in amounts to group undertakings		(22,253)	17,683
Cash outflow from operating activities		**(1,673)**	(996)
Corporation tax received / (paid)		320	(83)
Foreign currency translation		810	(450)
Net cash outflow from operating activities		**(543)**	(1,529)
Investing activities			
Increase in investments in group undertakings	10	(15,185)	-
Purchase of fixed asset investments		2,259	585
Net cash (outflow) / inflow from investing activities		**(12,926)**	585
Financing activities			
Proceeds from the issuance of shares		-	444
Decrease in subordinated loans to group undertakings	27	13,500	-
Net cash flows from financing activities		**13,500**	444
Net decrease in cash and cash equivalents		**31**	500
Cash and cash equivalents at 1 January			
Cash available on demand and short term deposits		67	567
Increase / (decrease) in cash and cash equivalents		31	(500)
		98	67
Cash available on demand and short term deposits		98	67
Cash and cash equivalents at 31 December		**98**	67

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies

Basis of preparation

The consolidated financial statements of the Group and the standalone financial statements of Marex Spectron Group Limited ('the Company') have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the IFRS Interpretations Committee ('IFRIC') as endorsed by the European Union ('EU').

The Company has taken the exemption in section 408(3) of the Companies Act 2006 not to present a standalone income statement, standalone statement of comprehensive income and related notes that form a part of the financial statements.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost basis except for derivative instruments and available-for-sale ('AFS') assets which are measured at fair value.

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

Basis of consolidation

The consolidated financial statements include the results and net assets of Marex Spectron Group Limited, its subsidiary undertakings and the Group's share of joint ventures and associates.

An entity ('investee') is controlled by the Group and deemed to be a subsidiary when the Group has:

- power over the investee, i.e. rights that give it the current ability to direct the relevant activities of the investee;
- exposure, or rights, to variable returns from involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

On consolidation, the accounting policies of Group companies (Marex Spectron Group Limited and its subsidiaries) are consistent with those applied by the Group. Intercompany transactions and balances between Group companies are eliminated in full.

Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts and volume rebates granted by the Group.

Revenue comprises the following:

- execution and clearing commissions, which are recognised on a 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 Consolidated Income Statement;
- share of trader's profit recognised on an accrual basis;
- desk facilities fees, license and software fees, which are recognised on an accrual basis; and
- net interest directly relating to the trading activities of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies (Continued)

Revenue (Continued)

In accordance with accepted practice, those financial instruments held for trading purposes are fair valued and consequently gains and losses are recorded in the Consolidated Income Statement.

Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

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 Consolidated 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 Consolidated 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.

Finance income and expense

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

Taxation

Current tax

Current tax assets and liabilities for the current year are measured at the amount expected to be received from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries in which the Group operates and generates taxable income.

Current tax is charged or credited to the consolidated income statement except where it relates to items recognised directly in equity in which case it is charged to equity. Any interest or penalties arising are included within current tax.

Deferred tax

Deferred tax assets and liabilities are recognised on all temporary differences between the carrying amounts of assets or liabilities in the balance sheet and their tax bases at the reporting date except for differences arising on:

- the initial recognition of goodwill;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies (Continued)

Taxation (Continued)

- 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 in the foreseeable future.

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

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

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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

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

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

Goodwill

Goodwill arises on the acquisition of subsidiaries, joint ventures and associates and represents the excess of the cost of the acquisition (including the fair value of deferred and contingent consideration) 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 not amortised, but is tested for impairment annually and whenever there is an indicator of impairment. Where the carrying value exceeds the higher of the value-in-use or fair value less cost to sell, an impairment charge is recognised in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies (Continued)

Software licenses

Software licences have been granted for a period of between two and five years with the option of renewal at the end of this period. It is amortised in the consolidated income statement on a straight-line basis over the period of the licence.

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 on a straight-line basis over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included as a charge within the consolidated income statement.

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

Impairment of non-financial assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in other non-operating expenses line item in the Consolidated Income Statement.

Unlisted investments

Unlisted investments are classified as available-for-sale financial assets. After initial measurement, these investments are subsequently measured at fair value with unrealised gains or losses recognised in equity until the investment is derecognised. Upon derecognition, the cumulative gain or loss is recognised in non-operating income.

The fair value for unlisted investments is determined as the latest available traded or offered price where the investment is under a takeover bid.

Dividend income earned whilst holding available-for-sale financial assets is reported in non-operating income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies (Continued)

Subsidiaries

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

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate 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 may be 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 recognised in the consolidated 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 or provided for are also included within operating profit in the consolidated income statement.

Trade payables

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

Foreign currency

The financial statements are presented in US Dollars ('USD'), which is also the the currency of the primary economic environment ('functional currency') of the parent Company.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions entered into by Group entities in a currency other than USD are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the Consolidated Income Statement.

On consolidation, the results of overseas operations are translated into USD 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 reporting date.

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 Consolidated Income Statement. The Group records its 'held for trading' financial assets at

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies (Continued)

Financial assets (Continued)

fair value through the Consolidated 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 that are held 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 in other comprehensive income. Fair values of quoted investments are based on current prices. If the market for a financial asset is not active, and for unlisted securities, the Company establishes fair value by using the latest available trade price, adjusted as necessary to reflect current market conditions.
- *Held to maturity:* held to maturity investments are financial assets with fixed or determinable payments and fixed maturities where the Group has the intention and ability to hold to maturity. These assets are measured at amortised cost, calculated taking into account any premium and discount on acquisition. The amortisation is included in interest and similar income in the profit and loss account.

A financial asset is considered for derecognition when the contractual rights from the financial asset expire, or when the contractual right to benefit from the future cash flow of that asset has been transferred. The Group derecognises a financial asset when it substantially transfers all the risks and rewards of ownership.

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 Consolidated 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; and
  - 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.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. In circumstances where a financial liability is replaced by the same lender yet the contractual terms are substantially different or modified, the original financial liability will be

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies (Continued)

Financial liabilities (Continued)
derecognised at the point of contractual exchange and the new financial liability recognised.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, or to realise the assets and liabilities simultaneously.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

Cash dividend and non-cash distribution

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in the United Kingdom, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the income statement.

Client money

The Group holds money on behalf of its clients in accordance with the client money rules of the Financial Conduct Authority. Such monies are included in cash and cash equivalents and the corresponding liability are included in amounts due to exchanges, clearing houses and other counterparties.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement.

Retirement benefits: defined contribution schemes

The Group operates defined contribution schemes. Contributions are charged to the Consolidated Income Statement in the year to which they relate.

Inventories

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies (Continued)

Critical accounting estimates and judgments

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

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

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

(c) Impairment of non-financial assets

The Group's impairment testing for goodwill and all non-financial with indefinite useful lives is based on the higher of fair value less costs to sell or a value-in-use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the asset or the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

New and amended standards and interpretations

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies (Continued)

New and amended standards and interpretations (Continued)
but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently' has a legally enforceable right to 'set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

There were no new standards becoming effective during the year that impacted the consolidated financial statements of the Group.

Change in accounting policies and disclosures

Interest income and expense

The Group re-assessed the accounting for interest income and interest expense which are directly attributed to the trading activities of the Group. The Group has previously included the net interest arising from trading activities as finance income. It was decided to include the net interest on trading activities as revenue as the Group believes this better represents the nature of the transaction. The Group has applied the change retrospectively.

Derivative assets

A review of the presentation of the Group's derivative positions was undertaken to determine whether or not the presentation applied was in accordance to international best practices.

Following the review, it was decided to present financial assets and financial liabilities gross except where the conditions for offset in IAS 32 are met. The Group believes this better represents the underlying derivative contract and the associated credit risks. These financial derivative positions historically have been presented net in the statement of financial position. The Group has applied the change retrospectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

2. Segmental Analysis

The Group's income is derived from trading and brokering services in metals, agriculture, energy, freight and fuel.

Revenue represents the income received in respect of the purchase and sale of commodities and commission earned from executing broker businesses. It is shown net of any related dealing / broking expense.

The Group's revenue is categorised in the following principal segments:

	Commodities 2013 $'000	Financial Products 2013 $'000	Electronic Markets 2013 $'000	Total 2013 $'000
Revenue:				
Broker dealer activities	201,234	34,462	99,904	335,600
Trading	-	-	1,645	1,645
Software fees	-	-	4,313	4,313
Other	3,709	831	11,997	16,537
Total	**204,943**	**35,293**	**117,859**	**358,095**

	Commodities 2012 $'000	Financial Products 2012 $'000	Electronic Markets 2012 $'000	Total 2012 $'000
Revenue:				
Broker dealer activities	201,959	38,335	79,172	319,466
Trading	-	-	897	897
Software fees	-	-	3,991	3,991
Other	6,199	1,204	14,519	21,922
Total	**208,158**	**39,539**	**98,579**	**346,276**

During the year, management have reclassified the interest income and expenses that are directly attributed to the trading activities of the Group from finance income to revenue to better reflect the nature of the transactions.

As at 31 December 2013, the change has resulted in an increase in revenue of $3,060,000 (2012: $2,543,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

3. Operating profit

	Note	2013 $'000	2012 $'000
This has been arrived after charging			
Staff costs	5	176,586	176,268
Depreciation	7	7,306	6,981
Amortisation	8	1,941	2,200
Payment under operating leases		13,462	11,139
Sale and purchase expenses		-	292
Foreign exchange (gain) / loss		(681)	124
Auditors services:			
Audit services		1,172	984
Non-audit services			
- Tax advisory services		136	234
- Other non-audit services		-	196

Audit fees for the Company for the year ended 31 December 2013 and the prior year were borne and paid by a subsidiary undertaking.

4. Non-operating expenses and income

	Note	2013 $'000	2012 $'000
Non-operating expenses			
Impairment of investments and goodwill	8	(527)	(5,000)
		(527)	**(5,000)**
Non-operating income			
Profit on sale of AFS investments		2,268	30,798
Dividends received		85	204
Release of provision		477	-
Other expense		-	(7)
		2,830	**30,995**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

5. Staff costs

Staff costs were as follows:

	2013 $'000	2012 $'000
Staff costs (including directors) comprise:		
Aggregate wages and salaries	152,254	151,059
Employer's National Insurance Contributions and similiar taxes	19,982	20,743
Short-term monetary benefits	3,122	3,087
Defined contribution pension cost	1,228	1,379
	176,586	**176,268**

The average monthly number of employees, including directors, during the year to 31 December 2013 was 602 (2012: 576).

As at 31 December 2013, there were contributions totalling $163,000 (2012: $152,000) payable to the pension scheme by the Group.

Directors emoluments

The remuneration paid to directors for their services to the Group for the year were directors of the Group was as follows:

	2013 $'000	2012 $'000
Aggregate emoluments	6,156	4,287
Short-term monetary benefits	32	18
Defined contribution pension cost	75	20
	6,263	**4,325**

The remuneration of the highest paid director for his services to the Group was $2,000,000 (2012: $1,800,000). No pension contributions (2012: $20,006) were made on his behalf whilst he was a director of the Group.

Included in aggregate emoluments is $48,123 compensation paid for loss of office.

As at 31 December 2013, there were 2 directors in the Group's defined contribution scheme (2012: 3).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

6. Finance income and expense

	2013	2012
	$'000	$'000
Bank interest receivable	620	891
Bank interest payable	(35)	(425)
Finance income (net)	**585**	**466**

During the year, management have reclassified the interest income and expenses that are directly attributed to the trading activities of the Group from finance income to revenue to better reflect the nature of the transactions.

As at 31 December 2013, the change has resulted in an decrease in net finance income net of $3,060,000 (2012: $2,543,000).

7. Property, Plant & Equipment

	Leasehold improvements	Computer equipment	Furniture, fixtures and fittings	Total
	$'000	$'000	$'000	$'000
Cost:				
At 1 January 2013	6,984	18,559	6,088	31,631
Additions	1,658	3,040	637	5,335
Assets written off	(142)	(833)	(1,303)	(2,278)
At 31 December 2013	**8,500**	**20,766**	**5,422**	**34,688**
Depreciation:				
At 1 January 2013	2,124	12,772	3,727	18,623
Charge for the year	1,975	4,293	1,038	7,306
Assets written off	(142)	(833)	(1,303)	(2,278)
At 31 December 2013	**3,957**	**16,232**	**3,462**	**23,651**
Net book value:				
At 31 December 2013	4,543	4,534	1,960	11,037
At 31 December 2012	4,860	5,787	2,361	13,008

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

8. Goodwill and Other Intangible Assets

	Goodwill	Computer development, licenses and software	Total
	$'000	$'000	$'000
Cost:			
At 1 January 2013	150,101	7,292	157,393
Additions	527	881	1,408
Assets written off	-	(26)	(26)
At 31 December 2013	**150,628**	**8,147**	**158,775**
Impairment, provision and amortisation:			
At 1 January 2013	4,500	4,610	9,110
Charge for the year	-	1,941	1,941
Impairment charge	527	-	527
Assets written off	-	(26)	(26)
At 31 December 2013	**5,027**	**6,525**	**11,552**
Net book value:			
At 31 December 2013	145,601	1,622	147,223
At 31 December 2012	145,601	2,682	148,283

During 2007, goodwill of $11,500,000 arose on the acquisition of the commodities business of Carlton LLP.

During 2011, goodwill of $126,300,000 and $9,100,000 arose on the acquisitions of the Spectron OTC Energy and the Eden Securities businesses respectively.

During 2012, goodwill of $3,200,000 arose on the acquisition of the Professional Trader Division of Schneider Trading Associates.

The goodwill impairment charge of $527,000 in 2013 was in respect of Xeram Suisse which is being wound up. The goodwill impairment charge of $4,500,000 in 2012 was in respect of the securities business within the Financials segment. The main reason for impairment of the securities was insufficient future operating cash flows expected to be received per the forecasts of the respective cash generating unit.

Goodwill acquired through business combinations with indefinite lives has been allocated to operating segments as monitored for internal management purposes. Of the total goodwill balance of $145,600,000 the Commodities segment is allocated $137,800,000.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

8. Goodwill and Other Intangible Assets (Continued)

Key assumptions used in fair value less cost to sell calculations

The recoverable amount has been determined based on a fair value less cost to sell calculation using financial budgets approved by the board. The fair value has been estimated using earnings (EBITDA) multiples derived from adjusting comparative peer multiples as well as benchmarking to on the original acquisition multiples.

Sensitivity to changes in assumptions

Management believes that reasonably possible changes in key assumptions used to determine the recoverable amount will not result in an impairment of goodwill.

9. Taxation

(9.a) Tax (credit) / charge

	2013	2012
	$'000	**$'000**
Current tax		
UK and foreign corporation tax on (loss) / profit for the year	35	13,895
Adjustments in respect of previous years	(1,098)	191
	(1,063)	**14,086**
Deferred tax		
Origination and reversal of temporary differences arising in the current year	167	(5,689)
Origination and reversal of temporary differences arising in the prior years	(186)	229
	(19)	**(5,460)**
Tax (credit) / charge for the year	**(1,082)**	**8,626**
Tax charge relating to items charged to equity		
Charge for the year	205	253

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

9. Taxation (Continued)

(9.b) Reconciliation of the total tax (credit) / charge

A reconciliation between tax (credit) / charge and the accounting (loss) / profit multiplied by the United Kingdom's weighted average domestic tax rate applicable to the Group for the years ended 31 December 2013 and 2012 is as follows:

	2013 $'000	2012 $'000
(Loss) / profit before tax	(6,188)	21,005
Expected tax charge based on the standard rate of corporation tax in the UK of 23.25% (2012: 24.50%)	(1,439)	5,146
Explained by:		
Effect of overseas tax rates	434	(1,329)
Income not subject to tax	-	(50)
Expenses not deductible for tax purposes	893	1,384
Indexation applied to chargeable gains	-	(8)
Prior year adjustments	(1,284)	419
Utilisation of prior year losses	(92)	-
Unutilised tax losses	371	3,079
Deferred tax restatement due to legislated change in future tax rate	146	(15)
Foreign exchange and other differences	(111)	-
Tax (credit) / charge for the year	**(1,082)**	**8,626**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

9. Taxation (Continued)

(9.c) Deferred tax asset

Group

	2013	2012
	$'000	$'000
Depreciation in excess of capital allowances	(1,972)	(1,490)
Revaluation of AFS investment	708	164
Deferred tax on AFS investment	-	857
Goodwill impairment	432	-
Total deferred tax asset	**(832)**	**(469)**
At 1 January	(469)	4,738
Credited to the consolidated income statement for the year	(19)	(766)
On sale of AFS investments	(502)	(4,694)
Charged to the revaluation reserve for the year	205	253
Foreign exchange differences and other	(47)	-
At 31 December	**(832)**	**(469)**

Company

	2013	2012
	$'000	$'000
At 1 January	(275)	-
On sale of AFS Investments	73	(275)
Charged to the Revaluation Reserve for the year	181	-
Foreign exchange differences	7	-
At 31 December	**(14)**	**(275)**

Reductions in the UK corporation tax rate were enacted during the year, such that the rate will be 21% effective 1 April 2014, reducing to 20% effective from 1 April 2015. It is not possible to precisely quantify and schedule the unwinding of the Company's deferred tax assets, such that they have been stated at 31 December 2013 at a composite rate of 21% (2012: 23%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

9. Taxation (Continued)

(9.d) Unrecognised deferred tax asset (Group)

These assets have not been recognised as it cannot be foreseen when the items will be utilised:

- Gross share scheme deductions of $5,962,000 (2012: $5,585,000). The potential UK deferred tax asset at 21% is $1,252,020 (2012: $1,285,000).
- Gross realised losses in overseas territories for the year ended 31 December 2013 of $24,576,000 (2012: $11,256,248).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

10. Investments

	Unlisted investments and total 2013 $'000	Associates 2012 $'000	Unlisted investments 2012 $'000	Total 2012 $'000
Group				
At 1 January	14,472	191	33,160	33,351
Additions	-	-	49	49
Disposals	(7,510)	-	(19,529)	(19,529)
Revaluation	1,190	-	1,101	1,101
Impairment charge	-	-	(309)	(309)
Share of associate's loss	-	(191)	-	(191)
At 31 December	**8,152**	**-**	**14,472**	**14,472**

Investment

	Unlisted investments 2013 $'000	Subsidiary undertakings 2013 $'000	Total 2013 $'000
Company			
At 1 January	6,078	347,378	353,456
Additions	-	15,185	15,185
Disposals	(3,040)	-	(3,040)
Revaluation	782	-	782
Impairment charge	-	(527)	(527)
At 31 December	**3,820**	**362,036**	**365,856**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

Investment (Continued)

	Unlisted investments 2012 $'000	Subsidiary undertaking 2012 $'000	Total 2012 $'000
Company			
At 1 January	6,078	347,964	354,042
Additions	-	-	-
Disposals	-	-	-
Revaluation	-	-	-
Impairment charge	-	(586)	(586)
At 31 December	**6,078**	**347,378**	**353,456**

During the year, the Company contributed $15,000,000 to one of its existing subsidiaries in order to provide additional capital. Additionally, the Group undertook a reorganisation of its subsidiaries whereby two major subsidiaries were made direct subsidiaries of the Company by making a distribution of the shares in exchange for the carrying value in those subsidiaries which was $185,000. Subsidiaries are accounted for using the equity method.

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. These and all other unlisted investments are recorded at cost less provision for any impairment. The market value for unlisted investments is determined as the latest available traded price.

Unlisted investments comprise shares and seats held in clearing houses which are deemed relevant to the Group's trading activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

11. Principal Subsidiaries and Undertakings

The principal subsidiaries of the Company as at 31 December 2013 are as follows:

Principal Subsidiaries and Undertakings held directly

Name	Country of incorporation	Class	Proportion of ownership interest	Nature of business
Marex Financial Limited	England and Wales	Ordinary shares	100%	Commodities and financial instruments broker and clearer
Marex Services Limited	England and Wales	Ordinary shares	100%	Facilities company
Easyscreen Limited	England and Wales	Ordinary shares	100%	Technology services
Marex USA Limited	England and Wales	Ordinary shares	100%	Futures and options broking
Marex North America LLC	United States of America	Ordinary shares	100%	Commodities and financial instruments broker and clearer
Marex Hong Kong Limited	Hong Kong	Ordinary shares	100%	Futures and options broking
Spectron Group Limited	England and Wales	Ordinary shares	100%	Spectron holding company
Spectron Energy Services Limited	England and Wales	Ordinary Shares	100%	Energy OTC broking
Spectron Services Limited	England and Wales	Ordinary shares	100%	Facilities Company

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

11. Principal Subsidiaries and Undertakings (Continued)

Principal Subsidiaries and Undertakings held indirectly

Name	Country of incorporation	Class	Proportion of ownership interest	Nature of business
Marex Trading Services (Gibraltar) Limited	Gibraltar	Ordinary shares	100%	Provision of facilities to traders
Carlton Commodities 2004 LLP	England and Wales	Partnership interest	n/a	Commodity and option trading
Spectron Energy Inc	United States of America	Ordinary shares	100%	Energy OTC broking
Spectron Commodities Limited	England and Wales	Ordinary shares	100%	Futures and option broking
Marex Spectron Securities Holdings Limited	England and Wales	Ordinary shares	100%	Marex holding company
Marex Spectron Securities LLP	England and Wales	Partnership interest	n/a	Equity broking
Marex Spectron Asia Pte Limited	Singapore	Ordinary shares	100%	Freight OTC broking
Spectron Energy Asia Pte Limited	Singapore	Ordinary shares	100%	Energy OTC broking
Marex Clearing Services DMCC	United Arab Emirates	Ordinary Shares	100%	Provision of facilities to traders

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

11. Principal Subsidiaries and Undertakings (Continued)

Other related entities

Name	Country of incorporation	Class	Proportion of ownership interest	Nature of business
Ogier Employee Benefit Trust Limited	Channel Islands	Ordinary shares	nil	Trustee
Eclipse Energy Group AS	Norway	Ordinary shares	22%	Consulting

12. Other assets

Other assets comprise US Treasury Bills that were provided as a security deposit for a leasehold property and mature on 31 July 2018. The market value at 31 December 2013 was $660,781 (2012: $687,747).

13. Derivative instruments

Included in derivative financial instruments are the Group's own positions in commodities and financial products stated at fair value.

At 31 December 2013, the fair value of derivative instruments assets was $72,537,000 (2012: $7,146,000). The fair value derivative instruments liabilities was $8,900,000 (2012: $20,511,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

14. Trade and Other Receivables

	2013 $'000	2012 $'000
Amounts due from exchanges, clearing houses and other counterparties	581,465	321,899
Deposits with exchanges and clearing houses	7,000	7,000
Other debtors	2,703	2,265
Loans receivable	1,234	1,574
Other tax and social security taxes	1,713	1,551
Prepayments	9,346	11,697
	603,461	**345,986**

Amounts due from exchanges, clearing houses and other counterparties are stated after deducting impairment provisions of $5,046,832 (2012: $4,442,096).

Included in other debtors is $548,000 (2012: $200,000) which is due in more than one year, relating to sign on bonuses which are awarded to employees and amortised over the term of the contract.

The movement in impairment provisions is as follows:

	2013 $'000	2012 $'000
At 1 January	4,442	4,738
Charged to the consolidated income statement	1,425	178
Bad debts written off	(845)	(590)
Foreign exchange revaluation	25	116
	5,047	**4,442**

See note 19 on credit risk of trade receivables, which discloses how the Group manages and measures the credit quality of trade receivables that are neither past due nor impaired.

15. Held to Maturity Financial Assets

The Group purchased financial assets with fixed or determinable payments and fixed maturities where the Group has the intention and ability to hold the assets to maturity. These assets are measured at amortised cost, calculated taking into account any premium and discount on acquisition. As at 31 December 2013, the carrying value of these assets was $59,994,000 (2012: $59,981,000).

16. Cash and Cash Equivalents

Included in cash and cash equivalents at 31 December 2013 are balances of $190,523,000 (2012: $318,842,000) held by the Group on behalf of clients in accordance with client money rules of the Financial Conduct Authority.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

17. Trade and Other Payables

	2013 $'000	2012 $'000
Amounts due to exchanges, clearing houses and other counterparties	791,424	561,549
Accruals	65,370	66,181
Other tax and social security taxes	2,488	2,555
Other creditors	656	2,093
	859,938	**632,378**

Other tax and social securities relates to payroll taxes.

Accruals include non-interest bearing exchange clearing fees payable to counterparties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

18. Provisions

	Onerous Lease 2013 $'000	Leasehold dilapidation 2013 $'000	Legal 2013 $'000	Other 2013 $'000	Total 2013 $'000
Group					
At 1 January	-	349	1,230	774	2,353
Recognised in the consolidated income statement	1,065	-	-	-	1,065
Utilised	-	-	-	(297)	(297)
Unused amount released to income statement	-	-	-	(477)	(477)
Foreign exchange revaluation	-	1	-	-	1
At 31 December	**1,065**	**350**	**1,230**	**-**	**2,645**

Onerous lease provisions relate to the excess of rent payable over rents receivable on sub-let office space. Inherent uncertainties in measuring the provision relate to estimates of the amount of rent that will be received in the future on vacant property and estimating future rents on property where the current sub-lease is of a shorter duration than the head lease. Contracts of entities acquired in a business combination where, at the date of acquisition, the acquiree's obligations were in excess of the prevailing market rate on similar contracts are also classified as onerous leases.

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

Legal provisions represent amounts for certain claims brought against subsidiaries of the Group. The timing of any payment is uncertain and the matter is reviewed by the Group on a regular basis. In the directors opinion, after taking legal advice, the outcome of these claims will not give rise to any significant loss beyond the amounts provided at 31 December 2013.

Other provisions relate to fees and charges made to certain clients that may be required to be repaid in the future. The directors have deemed it prudent to maintain this provision until it is sufficiently clear that a repayment is certain.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

19. Financial Risk Management Objectives and Policies

The Group's activities expose it to a number of financial risks including credit risk, market risk, operational risk and liquidity risk as discussed in the strategic report.

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 department control and manage the exposures of the Group's own positions, the positions of its clients and its exposures to its counterparties as well as operational exposures, within the risk appetite set by the Board.

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 approval from the Group's Credit Risk Committee and, if beyond the Executive Management's discretion, by the Risk Committee of the Board. 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 policies and, where appropriate, the use of initial and variation margin credit limits in conjunction with overall position limits for all customers and counterparties. These exposures are monitored both intraday and overnight. The limits are set by the Credit Committee through a formalised process. Credit limits over a certain Board approved amount also require the direct approval of the Risk Committee of the Board.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

19. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

The held to maturity assets of $59,994,000 are of AA+ quality. The table below shows the credit quality of the Group's remaining financial assets:

	2013	2012
	$'000	$'000
Fair value of amounts due from exchanges, clearing houses, other counterparties and financial assets:		
(Fitch ratings or equivalent S&P/ Moody's ratings)		
AA	694	14,309
AA-	89,787	41,013
A+	315,046	75,820
A	20,351	27,962
A-	422	1,711
BBB+	1,690	243
Lower rated and non-rated	160,475	167,841
Total	**588,465**	**328,899**

Cash balances		
AA-	79,176	147,528
A+	110,711	127,506
A	83,143	120,451
A-	35,204	21,417
Lower rated and non-rated	1,787	2,281
Total	**310,021**	**419,183**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

19. Financial Risk Management Objectives and Policies (Continued)

Market risk

The Group's activities expose it primarily to financial risks in foreign exchange, interest rate, operational and liquidity risks which are outlined in the strategic report.

Market risk sensitivity

As principally an intermediary, the Group's market risk exposure is modest. It manages this market risk exposure using appropriate 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 VaR, sensitivity analysis and stress testing.

Interest rate risk

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

The Group's view is that the main interest rate risk is derived from interest bearing deposits in which the Group invests surplus funds, and bank borrowings.

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

Foreign currency risk

As the majority of the revenue and asset and liabilities of the Group are generated in US Dollars, the Group is subject to minimal structural currency risk. In addition, a small level of foreign currency market risk is derived from the FX desk.

Foreign exchange sensitivity

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

Liquidity risk

The Group defines liquidity risk as the failure to meet its day-to-day capital and cash flow requirements. Liquidity risk is assessed and managed under the ILAA and Liquidity Risk Framework.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

19. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk (Continued)

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

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

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. 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 disaster recovery or contingency facilities to support operations and ensure business continuity. The innovation of these facilities is regularly tested.

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 LME (where we are a Ring Dealer), the CME Group exchanges, ICE US, NYSE Liffe, ICE Futures and Eurex. We are regulated in the UK by the FCA (which also regulates our Group), in the US by the NFA, in Hong Kong by the SFC, and in Singapore by the MAS and IES.

Geographical risk arises from the physical separation of some elements from the central control locations. Internal control failure is the risk arising from the inadequacy or breakdown of critical internal control processes.

Concentration risk

In order to avoid excessive concentrations of risk with respect to bank counterparties the Group maintains a diversified portfolio of cash accounts in accordance with the Board's risk appetite.

To mitigate the concentration of credit risk exposure to a particular single customer or counterparty or group of affiliated customers or counterparties, the Group monitors these exposures carefully and ensures that these remain within pre-defined limits and the Large Exposures limits determined by appropriate regulatory rules.

19. Financial Risk Management Objectives and Policies (Continued)

Value at risk

VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence.

The VaR models used by the Group are based upon both Monte Carlo and historic simulations. These models derive plausible future scenarios from past series of recorded market rates and prices, taking account of inter-relationships between different markets and rates, including interest rates and foreign exchange rates. These models also incorporate the effect of option features on the underlying exposures.

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

- potential market movements are calculated with reference to data from the past 250 days;
- historical markets rates and prices are calculated with reference to foreign exchange rates and commodity prices, interest rates and the associated volatilities; and
- VaR is calculated to a 1 day 99.75% one tail confidence level and multiplied by the square root of time to calculate the VaR for a 10 day holding period.

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

- 1,000 simulations using a variance covariance matrix;
- simulations generated using geometric Brownian motion;
- joint estimation is done using regulatory variance covariance, i.e. no decay factor is applied. The estimation period is 250 days; and
- VaR is calculated to a 1 day, 99.75% one tail confidence level, multiplied by the square root of time to calculate the VaR for a 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 99.75% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

19. Financial Risk Management Objectives and Policies (Continued)

Value at risk (Continued)

- the VaR, disclosed below, is calculated on the basis of exposures outstanding at the close of business and therefore does not necessarily reflect intra-day exposure; and
- VaR is unlikely to reflect loss potential on exposures that only arise under significant market moves.

The Group recognises these limitations by augmenting its VaR limits with other position and sensitivity limit structures. The Group also applies a wide range of stress testing, both on individual portfolios and on the Group's consolidated positions. The average monthly VaR for the year ended 31 December 2013 was $317,440 (2012: $679,000).

Other risk management

In addition to the financial risks above, the Group is also exposed to various elements of operational risk; most evident amongst these are geographical risk and internal control failure.

Concentration risk

The largest concentration of cash balances as at 31 December 2013 was 33.0% (2012: 38.7%) to a US based, A+ rated global banking group (2012: AA+).

The largest concentration of exposures to exchanges, clearing houses and other counterparties exposures as at 31 December 2013 was 46.0% (2012: 32.8%) to a non-rated global clearing house (2012: non-rated global clearing house).

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 growth as well as to maximise shareholder value.

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

All regulated entities listed in the below table have fully complied with its externally imposed capital requirements during the year. The amounts below are expressed in USD unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

19. Financial Risk Management Objectives and Policies (Continued)

Capital management (Continued)

	Regulator	Regulatory capital	Regulatory requirement	Regulatory capital	Regulatory requirement
		2013	2013	2012	2012
		'000	'000	'000	'000
Marex Financial Limited	FCA - BIPRU 730k investment firm	145,304	119,529	158,427	96,575
Spectron Energy Services Limited	FCA - Exempt BIPRU commodity firm	49,728	7,872	39,711	8,098
	NFA on behalf of CFTC - Introducing Broker	5,909	45	2,903	45
Marex North America LLC	CME on behalf of CFTC - Futures Commission Merchant	11,875	8,776	9,993	6,148
Marex Hong Kong Limited	Securities and Futures Commission	HKD 8,062	HKD 3,000	HKD 7,382	HKD 3,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

19. Financial Risk Management Objectives and Policies (Continued)

Capital management (Continued)

	Regulator	Regulatory capital	Regulatory requirement	Regulatory capital	Regulatory requirement
		2013	**2013**	**2012**	**2012**
		'000	**'000**	**'000**	**'000**
Marex USA Limited	FCA - BIPRU 730k investment firm	2,775	1,003	2,257	963
	NFA on behalf of CFTC	496	93	3,080	1,000
Marex Spectron Asia Pte Limited*	International Enterprise Singapore	SGD 1,126	SGD 400	N/A	N/A
Spectron Commodities Limited	FCA - Oil Market Participant	N/A	N/A	N/A	N/A
Marex Spectron Securities LLP **	FCA - BIPRU 50k investment firm	-	-	N/A	N/A

*Marex Spectron Asia Pte Limited was granted a Commodity Broker's Licence by the International Enterprise Singapore on 30 October 2013.

**Marex Spectron Securities LLP was deregistered as a FCA BIPRU50k investment firm as of 17 December 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

19. Financial Risk Management Objectives and Policies (Continued)

Offsetting of financial instruments

Financial assets recognised at end of reporting period	Gross carrying amounts (before offsetting	Amounts offset	Net amount presented	Net exposure
Derivatives	299,206	226,668	72,538	72,538
Total	**299,206**	**226,668**	**72,538**	**72,538**

Financial liabilities recognised at end of reporting period	Gross carrying amount (before offsetting)	Amounts offset	Net amount presented	Net exposure
Derivatives	234,758	225,858	8,900	8,900
Total	**234,758**	**225,858**	**8,900**	**8,900**

20. Fair value measurements recognised in the statement of financial position

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 recorded fair value are observable, 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 financial instruments are classified within Level 1 for both the current and the prior years with the exception of the Exchange Seats and other unlisted investments of $10,562,000 (2012: $6,712,000) which are classified as Level 2.

Set out below, is an analysis of the carrying amounts and fair value of the Group's financial instruments. Due to the nature of the underlying assets, the difference between the book and fair value is deemed immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

20. Fair value measurements recognised in the statement of financial position (Continued)

	Fair and book value 2013 $'000	Fair and book value 2012 $'000
Financial assets		
At fair value through the income statement:		
Amounts due from exchanges, clearing houses and other counterparties - fair value of transactions	581,465	321,899
Derivative financial instruments	72,537	7,146
	654,002	**329,045**
Available-for-sale:		
Investments	8,152	14,472
At amortised cost:		
Cash and cash equivalents	310,021	419,183
Deposits with exchanges and clearing houses	7,000	7,000
Loans receivable	1,234	1,574
Held-to-maturity investments	59,994	59,981
	378,249	**487,738**
Total	**1,040,403**	**831,255**
Financial liabilities		
At Fair value through the income statement		
Amounts due to clients - fair value of transactions	791,424	561,549
Derivative financial instruments	8,900	20,511
	800,324	**582,060**
Total	**800,324**	**582,060**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

21. Share Capital

	Issued and Fully Paid 2013 Number	2013 $
Ordinary shares of $0.000165 each	106,491,588	17,571
Non-voting ordinary shares of $0.000165 each	3,988,876	658
Deferred shares of $1.65 each	106,798,427	176,217,405
Growth shares of $0.000165 each	14,482,113	2,390
		176,238,024

	Issued and Fully Paid 2012 Number	2012 $
Ordinary shares of $0.000165 each	106,491,588	17,571
Non-voting ordinary shares of $0.000165 each	3,991,251	659
Deferred shares of $1.65 each	106,798,427	176,217,405
Growth shares of $0.000165 each	15,941,238	2,630
		176,238,265

During 2013, the Company cancelled 1,459,125 growth shares and 2,375 ordinary non-voting shares.

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

The rights of the shares are as follows:

Ordinary shares:	Full voting rights and right to participate in ordinary dividends ranking pari passu with non-voting ordinary shares. In the event of a winding up, entitled to a return of capital ranking pari passu with non-voting ordinary shares. No right of redemption.
Non-voting ordinary shares:	As per ordinary shares, other than having no voting rights.
Deferred shares:	No voting rights, no right to participate in dividends and no right to redemption. In the event of a winding up, entitled to return of capital ranking pari passu with ordinary shares for any capital in excess of £50 billion.
Growth shares:	No voting rights, no rights to participate in dividends, no entitlement to participate in winding up and no right of redemption.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

22. Reserves

Group	Share premium 2013 $'000	Retained earnings 2013 $'000	Other reserves 2013 $'000	Revaluation reserve 2013 $'000	Total 2013 $'000
At 1 January 2013	134,286	33,726	(244)	581	168,349
Loss for the year	-	(5,106)	-	-	(5,106)
Realised gains on AFS investments reclassified to income statement	-	-	-	(2,168)	(2,168)
Deferred tax on AFS disposals	-	-	-	502	502
Revaluation of AFS investments	-	-	-	1,190	1,190
Deferred tax on AFS revaluation	-	-	-	(205)	(205)
At 31 December 2013	**134,286**	**28,620**	**(244)**	**(100)**	**162,562**

Group	Share premium 2012 $'000	Retained earnings 2012 $'000	Other reserves 2012 $'000	Revaluation reserve 2012 $'000	Total 2012 $'000
At 1 January 2012	133,844	21,437	(54)	(267)	154,960
Premium on issue of shares	442	-	-	-	442
Profit for the year	-	12,289	-	-	12,289
Non-controlling interest of entities acquired	-	-	(235)	-	-
Revaluation of AFS investments	-	-	-	1,101	1,101
Deferred tax on AFS revaluation	-	-	-	(253)	(253)
Foreign currency translation	-	-	45	-	-
At 31 December 2012	**134,286**	**33,726**	**(244)**	**581**	**168,539**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

22. Reserves (Continued)

Company	Share premium 2013 $'000	Retained earnings 2013 $'000	Revaluation reserve 2013 $'000	Total 2013 $'000
At 1 January 2013	134,286	10,739	(870)	144,155
Loss for the year	-	156	-	156
Realised gains on AFS investments reclassified to income statement	-	-	282	282
Deferred tax on AFS disposals	-	-	(73)	(73)
Revaluation of AFS investments	-	-	782	782
Deferred tax on AFS revaluation	-	-	(181)	(181)
At 31 December 2013	**134,286**	**10,895**	**(60)**	**145,121**

Company	Share premium 2012 $'000	Retained earnings 2012 $'000	Revaluation reserve 2012 $'000	Total 2012 $'000
At 1 January 2012	133,844	10,115	(420)	143,539
Proceeds from sale of shares	442	-	-	442
Profit for the year	-	624	-	624
Revaluation of AFS investments	-	-	(585)	(585)
Deferred tax on AFS revaluation	-	-	135	135
At 31 December 2012	**134,286**	**10,739**	**(870)**	**144,155**

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.
Share premium	Amount of consideration received over and above par value of shares.
Retained earnings	Cumulative net gains and losses recognised in the income statement.
Revaluation reserve	Cumulative unrealised gains on investments in exchanges that are held as available-for-sale, recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

23. Dividends Paid and Proposed

Neither the Group nor the Company made any dividend payments during the year ended 31 December 2013 (2012: $nil).

24. Leases

The Group has entered into commercial leases on its properties. During the current year and as part of its expanding operations both in the UK and overseas, the Group entered into several new lease arrangements for additional properties. The lessee has the option of renewal on each of these leases subject to negotiation between the Group, as lessee, and each landlord in the period preceding the expiration of each lease. There were no restrictions placed upon the lessee by entering into these leases.

The total future minimum lease payments are due as follows:

	2013 $'000	2012 $'000
Not later than one year	10,043	11,431
Later than one year and not later than five years	26,408	31,740
Later than five years	1,774	5,299
At 31 December	**38,225**	**48,470**

25. 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 Spectron Group Limited reported a profit for the year ended 31 December 2013 of $156,000 (2012: profit of $624,000).

26. Contingent Liabilities and Other Commitments

As at 31 December 2013 the Group had $nil (2012: $53,800,000) bank guarantees lodged with clearing houses to offset margin requirements.

As at 31 December 2013, the Group has entered into forward commitments to acquire metal warrants at the prevailing fair market value. Were those contracts due to settle at the year end, the equivalent market value would have been $21,053,000 (31 December 2012: $24,629,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

27. Subordinated Loan (Company)

	2013	2012
	$'000	$'000
Subordinated loan	9,500	23,000

On 27 March 2010, Marex Spectron Group Limited, the Company, loaned $3,000,000 under a Revolving Subordinated Loan Agreement, to Marex USA Limited, which terminates on 31 March 2017. The facility limit of this agreement is $5,000,000. Interest is accrued on the liability at the U.S. Prime rate plus 0.5%. Included in the Company income statement of Marex Spectron Group Limited is $84,218 (2012: $112,808) of interest income related to the subordinated loan.

On 18 June 2013, Marex USA repaid $1,500,000 of the loan balance.

Marex Spectron Group Limited, the Company, loaned Marex North America LLC $7,000,000 under a Revolving Subordinated Loan Agreement which terminates on 31 May 2018. The facility limit of this agreement is $30,000,000. Interest is accrued on the liability at the U.S. Prime rate plus 0.5%.

On 25 April 2013, Marex North America LLC increased the loan amount to $22,000,000 and subsequently, on 16 May 2013, repaid $15,000,000.

Included in the Company income statement of Marex Spectron Group Limited is $447,000 (2012: $750,000) of interest income related to the subordinated loan.

On 30 September 2013, Marex Spectron Group Limited, the Company, loaned $1,000,000 under a Revolving Subordinated Loan Agreement, to Marex Spectron Asia Pte Limited, which terminates on 30 September 2018. The facility limit of this agreement is $5,000,000. Interest is accrued on the liability at the U.S. Prime rate plus 0.5%. Included in the Company income statement of Marex Spectron Group Limited is $9,554 of interest income related to the subordinated loan.

28. Non-controlling Interest

On 28 March 2013, the Group acquired the remaining 40% interest in Xeram SA increasing the Group's ownership to 100%. Cash consideration of $1,280,000 was paid to the non-controlling shareholders. The carrying value of the non-controlling interest at 31 December 2013 was $nil (2012: $816,000).

29. Events after the reporting period

On 14 February 2014, the subordinated loan from Marex Spectron Group Limited, the Company, to Marex North America, a directly held subsidiary undertaking was increased by $2,000,000.

On 24 March 2014, Marex USA Limited, a directly held subsidiary, applied to the FCA for permission as as 'dealing in investments in principal' to be removed. This will result in Marex USA Limited being regulated as a 50k BIPRU firm, instead of a 730k BIPRU firm and will be outside of the scope of CRD IV. It is assessed that the change will not materially impact the results of the Group.

30. Related Party Transactions

Details of directors' emoluments are disclosed in note 5.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

30. Related Party Transactions (Continued)

Transactions with entity having significant influence over the Group

The Group pays management fees to parties associated to the ultimate parent company based on a percentage of the Group's profitability amounting to $162,000 (2012: $1,510,000) and a receivable of $500,000 (2012: $500,000). During the year, no additional charges (2012: $2,550,000) were made for provision of various management and professional services to the Group).

Loans to directors

The Group made loans to directors relating to tax payments associated with equity awards amounting to $217,544 (2012: $29,392). This amount is non-interest bearing and will be repayable under the terms of the equity award arising at the liquidating event.

Loans to senior employees

The Group made loans to certain senior current and former employees relating to tax payments associated with equity awards of $406,967 (2012: $398,049). The loan balance is non-interest bearing and will be repayable under the terms of the equity award arising at the liquidating event.

The Company amount owed from Group undertakings at 31 December 2013 and 31 December 2012, relates to subordinated loan interest payable.

31. Ultimate and Immediate Parent Undertaking

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