

Company Number: 6694512

ICAP GROUP HOLDINGS LIMITED
GROUP AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2009

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ICAP GROUP HOLDINGS LIMITED

Directors' report for the year ended 31 March 2009

The directors present their report and the audited consolidated financial statements for ICAP Group Holdings Limited and its subsidiary companies (together "the Group") for the year ended 31 March 2009 and the report and audited financial statements for ICAP Group Holdings Limited ("the Company") for the period ended 31 March 2009.

PRINCIPAL ACTIVITY

The Company was incorporated on 10 September 2008 in the UK as a wholly owned subsidiary of ICAP plc and, during December 2008, acquired ICAP plc's investments in ICAP Securities Limited, ICAP Holdings Limited, ICAP Holdings (Asia Pacific) Limited and ICAP America Investments Limited at fair value through a share for share exchange. The entities transferred to the Company own, directly or indirectly, the majority of ICAP plc's trading subsidiaries in the United Kingdom and North America, along with several in Asia.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Group's business involves the provision of specialist broking services to trading professionals in the global wholesale financial markets across a broad range of over the counter (OTC) financial products and services in commodities (including shipping), foreign exchange (FX), interest rates, credit and equity markets and also provides its customer base with access to post-trade services, data and commentary. The Group strives to add value to its customers by (i) improving price discovery and transparency, (ii) providing anonymity and confidentiality, (iii) facilitating information flow, and (iv) enhancing liquidity.

As an inter-dealer broker, the Group provides brokerage services to its customers primarily in the form of agency transactions (also known as "name give-up"), matched principal transactions, or as an executing broker on an exchange. In name give-up transactions, the Group connects buyers and sellers and may assist in the negotiation of the price and other material terms of the transaction. At the point at which the parties agree to terms, the Group leaves the buyer and the seller to clear and settle directly with one another through the appropriate market mechanism.

In matched principal transactions, the Group acts as an intermediary by serving as counterparty for identified buyers and sellers in matching, in whole or in part, reciprocal back-to-back trades. In order to facilitate customer transactions and provide liquidity, however, the Group may participate in certain marketplaces by posting quotations. Sometimes, the act of posting quotations may result in having the Group act as principal on unmatched trades. In such a situation, the Group's policy is to liquidate or hedge and liquidate these principal positions as soon as reasonably practicable. Only a very small proportion of the Group's transactions result in any exposure to market risk and compliance with the Group's policies is monitored by the risk and compliance functions of ICAP plc and by senior management. The Group does not engage in proprietary trading.

Where the Group acts as an executing broker in relation to exchange traded products, the Group executes customer orders on an exchange, which are subsequently given up in line with market practice to the customer's account maintained by a clearing broker. In the event that the clearing broker fails to take up the position traded, this could leave the Group with a position which would then be liquidated in accordance with its policy.

The Group has successfully built its voice broking business whilst at the same time establishing the largest electronic broking network in its industry. This network is highly scalable and offers connectivity to over 7,400 workstations and 1,500 algorithmic trading systems worldwide. The Group has been at the forefront of the industry's move to electronic broking platforms, with the operational leverage and operating margin benefits this provides. In many markets that have moved to an electronic trading platform, trading has concentrated on two or three inter-dealer brokers, thereby benefiting the larger players in the industry who have the scale and infrastructure to compete.

The last 12 months has seen increased focus by global regulatory authorities to ensure that the infrastructure behind the OTC markets is robust. Through the provision of post-trade processing, portfolio compression and reconciliation and risk management services, through its subsidiaries Traiana Inc. (Traiana) and Reset Pte Limited (Reset), the Group is well positioned to respond to its clients' demands to improve the efficiency of post-trade processing and reduce the capital allocated to existing positions.

ICAP GROUP HOLDINGS LIMITED

Directors' report for the year ended 31 March 2009

BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)

In addition to acting as a holding company, it is planned that the Company will act as the ICAP plc group's treasury vehicle for financing and treasury risk management. On 31 March 2009, £750m of committed bank facilities were novated to the Company from its parent ICAP plc and, subsequent to the year end, a number of transactional hedges previously in Intercapital Limited and related to the foreign exchange exposure of the Company's subsidiaries were also novated to the Company. It is intended that the Company will diversify its sources of finance and it is planned to launch a Global Medium Term Note Programme and European Commercial Paper Programme shortly after the approval of these financial statements. Pursuant to this objective, the Company will convert to a plc during June 2009.

RESULTS AND DIVIDENDS

The consolidated results of the Group are presented using predecessor accounting principles (note 1) which means that the results are presented as if the Group had existed in its current form since 1 April 2008, comparative results have also been presented. The results of the Group for the year are set out in the consolidated financial statements on pages 5 to 58. The results of the Company are presented for the period since the date of incorporation, 10 September 2008 on pages 60 to 70.

Company

Dividends of £531m were paid during the period (note 13 to the Company's financial statements).

Group

Dividends of £620m were paid during the year, including £89m paid to the former parents of Group companies and minority interests. The profit for the year of £255m (2008: £184m) has been transferred to reserves (note 23).

FINANCIAL RISK MANAGEMENT

The Group's risk profile and financial risk management policies are disclosed in note 22 to the financial statements.

DIRECTORS

The directors of the Company, who held office during the period, were:

D A Abrehart	-	Appointed 3 September 2008
I W Torrens	-	Appointed 3 September 2008
J M Yallop	-	Appointed 23 February 2009
M Lester	-	Appointed 23 February 2009

KEY PERFORMANCE INDICATORS (KPI'S)

The Group's operations are managed on a divisional basis, which are monitored using certain KPI's. The Group monitors the voice revenue per voice broker and the variable component of voice broker remuneration as the most relevant efficiency measures of our voice division. The percentage of revenue generated by new businesses and our overall share of the global OTC market are also monitored. In addition, a key part of cost control is the measurement of overall staff compensation as a percentage of revenue and the technology spend as a percentage of revenue. The development, performance and position of ICAP plc, which includes the Group, are discussed in their annual report which does not form part of this report.

CREDITOR PAYMENT POLICY

The Group has no external trade payables except for those disclosed in note 18, which are settled in the normal course of the company's clearing arrangements.

CHARITABLE DONATIONS

The Group, which forms part of ICAP plc, takes part in the annual ICAP plc Charity Day, where the revenue for one day is donated to charities nominated by the Group. During the year the Group made charitable donations amounting to £9.7m (2008: £7.9m).

ICAP GROUP HOLDINGS LIMITED

Directors' report for the year ended 31 March 2009

DISABILITY POLICY

The Group's equal opportunity and diversity policy are governed by its parent, ICAP plc, and are disclosed in full in their Annual Report.

RISK

The Group's approach to risk is described in note 22.

AUDITORS

The Company appointed PricewaterhouseCoopers LLP as auditors during the period. The Company has since passed an elective resolution dispensing with the requirement to appoint auditors annually.

LAYING OF REPORTS AND ACCOUNTS

The Company has passed an elective resolution dispensing with the requirement to lay reports and accounts before the members of the company in general meeting. However, under the provisions of the Companies Act 2006, any member of the company has the right to require this report and accounts to be laid before the members of the company in general meeting. Any member wishing to exercise this right must deposit notice at the company's registered office, at 2 Broadgate, London, EC2M 7UR, within 28 days of the date of this report.

PROVISION OF INFORMATION TO THE AUDITORS

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ICAP GROUP HOLDINGS LIMITED

Directors' report for the year ended 31 March 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and group for that period.

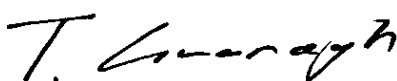
In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent.;
- state that the financial statements comply with IFRSs as adopted by the European Union.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.
- The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

The directors are satisfied that the company has adequate resources to continue to operate for the foreseeable future and confirm that the company is a going concern.

By Order of the Board



Teri-Anne Cavanagh

29 June 2009

Secretary

ICAP GROUP HOLDINGS LIMITED

Independent Auditors' Report to the members of ICAP Group Holdings Limited

We have audited the group financial statements of ICAP Group Holdings Limited (IGHL) and its subsidiaries for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expenses, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the group's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

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



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
29 June 2009

ICAP GROUP HOLDINGS LIMITED

Consolidated income statement for the year ended 31 March 2009

	Note	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Revenue	4	1,412	1,149
Operating expenses	5	(1,081)	(862)
Exceptional items	6	-	(19)
Other income	7	21	15
Operating profit	4	352	283
Finance income	9	18	18
Finance costs	10	(10)	(14)
Share of profit of associates after tax		-	-
Profit before tax		360	287
Tax	11	(105)	(103)
Profit for the year		255	184
Attributable to:			
Equity holders of the parent		246	173
Minority interests		9	11
		255	184

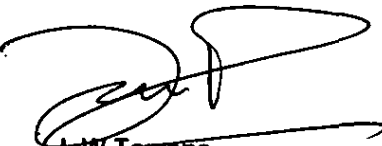
Consolidated statement of recognised income and expenses for the year ended 31 March 2009

		Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Actuarial losses on retirement benefit obligations	23	(1)	-
Exchange adjustments on net investments in overseas subsidiaries		195	16
Revaluation gains realised in the year		(3)	(11)
Net current tax on items recognised in equity		5	3
Net deferred tax on items recognised in equity		(5)	1
Income and expense recognised directly in equity		191	9
Profit for the year		255	184
Total recognised income and expense for the year		446	193

ICAP GROUP HOLDINGS LIMITED
Consolidated balance sheet as at 31 March 2009

	Note	As at 31/3/2009 £m	As at 31/3/2008 £m
Non-current assets			
Intangible assets arising on consolidation	13(a)	1,292	937
Intangible assets arising from development expenditure	13(b)	54	35
Property, plant and equipment	14	63	46
Investment in associates	15	4	1
Deferred tax assets	19	53	62
Trade and other receivables	17	2	2
Available-for-sale investments	16	15	10
		<u>1,483</u>	<u>1,093</u>
Current assets			
Trade and other receivables	17	28,301	34,539
Available-for-sale investments	16	3	11
Cash and cash equivalents		308	300
		<u>28,612</u>	<u>34,850</u>
Total assets		<u>30,095</u>	<u>35,943</u>
Current liabilities			
Trade and other payables	18	(28,286)	(34,727)
Short-term borrowings and overdrafts	20	(289)	(108)
Tax payable		(172)	(115)
Short-term provisions	21	(9)	(9)
		<u>(28,756)</u>	<u>(34,959)</u>
Non-current liabilities			
Trade and other payables	18	(6)	(5)
Long-term borrowings	20	(135)	-
Retirement benefit obligation		(2)	(1)
Deferred tax liabilities	19	(181)	(120)
Long-term provisions	21	-	(1)
		<u>(324)</u>	<u>(127)</u>
Total liabilities		<u>(29,080)</u>	<u>(35,086)</u>
Net assets		<u>1,015</u>	<u>857</u>
Equity			
Called up share capital	23	200	200
Share premium reserve	23	-	4,013
Other reserves	23	264	(4,073)
Retained earnings	23	551	715
		<u>1,015</u>	<u>855</u>
Equity attributable to equity holders of the parent	23	<u>1,015</u>	<u>855</u>
Minority interests	23	-	2
Total equity		<u>1,015</u>	<u>857</u>

The financial statements on pages 6 to 58 were approved by the board of directors on 29 June 2009 and were signed on its behalf by:


I. W. Torrens
Director


M. Lester
Director

ICAP GROUP HOLDINGS LIMITED
Consolidated cash flow statement as at 31 March 2009

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Cash flows from operating activities	456	487
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(31)	(13)
Intangible development expenditure	(28)	(28)
Receipts from sale of property, plant and equipment	-	-
Net receipts/(payments) on disposal/(acquisition) of available-for-sale investments	11	8
Acquisition of interests in businesses net of cash acquired	(145)	(196)
Acquisition of associates and joint ventures	(3)	(8)
Net cash flows from investing activities	(196)	(237)
Cash flows from financing activities		
Dividends paid to minority interests	(11)	(12)
Equity dividend paid	(609)	(116)
Repayment of borrowings	(95)	(180)
Funds received from borrowing, net of fees	410	88
Net cash flows from financing activities	(305)	(220)
Exchange adjustments	59	(1)
Net increase in cash and cash equivalents	14	29
Net cash and cash equivalents at beginning of the year	280	251
Net cash and cash equivalents at end of the year	294	280
Net cash and cash equivalents consists of:		
Cash and cash equivalents	308	300
Bank overdrafts	(14)	(20)
	294	280
Net Debt/cash		
Gross debt	(410)	(88)
Cash and cash equivalents	294	280
Net (debt) / Net cash and cash equivalent at end of the year	(116)	192

ICAP GROUP HOLDINGS LIMITED

Consolidated cash flow statement as at 31 March 2009

Reconciliation of profit before tax to net cash flow from operating activities

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Profit before tax	360	287
Operating exceptional items	-	19
Amortisation and impairment of intangible assets arising on consolidation	57	40
Amortisation and impairment of intangible assets arising from development expenditure	17	13
Depreciation of property, plant and equipment	20	17
Other amortisation and impairments	2	4
Share-based payments	8	6
Net finance expense	(8)	(4)
Operating cash flows before movements in working capital	456	382
Decrease/(increase) in trade and other receivables	(1,053)	(130)
(Decrease)/increase in trade and other payables	1,110	331
Net receipts in respect of financial assets held at fair value	-	-
Cash generated by operations before exceptional items	513	583
Operating exceptional items paid	-	(20)
Cash generated by operations	513	563
Interest received	9	14
Interest paid	(5)	(11)
Tax paid	(61)	(79)
Net cash flow from operating activities	456	487

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

1. BASIS OF PREPARATION

(a) Basis of preparation – Group

The financial statements have been prepared in accordance with IFRS adopted by the EU, IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified to include the fair value of certain financial instruments in accordance with IFRS. The financial statements are prepared in sterling, which is the functional currency of the parent company, ICAP Group Holdings Limited, and presented in millions.

The Group and Company financial statements are shown separately. The financial statements of the Company are set out on pages 60 to 71.

Items which are material and of a non-recurring nature are disclosed separately as exceptional items on the face of the income statement to give a clearer presentation of the Group's results

During the period, as part of a reorganisation of the ICAP plc group, the Company acquired a number of companies from ICAP plc, its parent company. As the Company and its newly acquired subsidiaries are all under common control these acquisitions are outside the scope of IFRS3 "Business Combinations". The Company has not, therefore, revalued all the newly acquired companies' balance sheets at the date of acquisition to fair value and recognised new separately identifiable intangible assets.

The Group has elected to apply predecessor accounting (merger accounting) when preparing its consolidated accounts. Using this method, the Group is treated as if all the entities had always been combined. Consequently, the consolidated financial statements reflect the combined Group's results for the full financial year and full comparatives are also given, even though the reorganisation took place in December 2008.

(b) Basis of consolidation – Group

The Group's consolidated financial statements include the results and net assets of the Company, its subsidiaries and the Group's share of joint ventures and associates. Accounting policies are applied on a consistent basis and all inter-company transactions are eliminated.

An entity is regarded as a subsidiary if the Group has control over its strategic, operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Group's activities.

The results of companies acquired during the year by the ICAP plc group which are included in the Group's results are included from the effective date of acquisition by the ICAP plc group.

The Group adopts the parent company model of accounting for minority interests. Purchases from minority interests result in goodwill being recognised, represented by the difference between any consideration paid and the relevant share of the carrying value of net assets acquired.

Where the Group has written a put option over shares held by a minority, the Group derecognises the minority interest and instead recognises a contingent deferred consideration liability within other payables for the estimated amount likely to be paid to the minority on exercise of those options. The residual amount, representing the difference between any consideration paid/payable and the minority's share of net assets, is recognised as goodwill. Movements in the estimated liability after initial recognition are recognised as either goodwill or within the income statement, depending on whether the contract was written as part of a business combination.

A joint venture is an entity in which the Group has an interest and, in the opinion of the directors, exercises joint control over its operating and financial policies. An interest exists where an investment is held on a long-term basis for the purpose of securing a contribution to the Group's activities. Joint ventures are proportionately consolidated, whereby the Group's income statement and balance sheet include the Group's share of the income and assets on a line-by-line basis.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

BASIS OF PREPARATION (CONTINUED)

An associate is an entity in which the Group has an interest and, in the opinion of the directors, can exercise significant influence, but not control, over its operating and financial policies. An interest exists where an investment is held on a long-term basis for the purpose of securing a contribution to the Group's activities. Significant influence generally exists where the Group holds more than 20% and less than 50% of the shareholders' voting rights. Associates are accounted for under the equity method whereby the Group's income statement includes its share of their profits and losses and the Group's balance sheet includes its share of their net assets.

(c) Segmental analysis

Primary segment – geographic

The Group regards its primary reporting segment as geographic as this is substantially the basis on which it manages its operations. The three geographic business segments are Americas, EMEA and Asia Pacific.

Secondary segment – business

The Group's secondary segmentation is by business type – voice, electronic and information divisions.

The voice division represents trades concluded directly by the Group's staff for interest rates, credit, FX, commodities, equities and emerging market products. The electronic division represents trades concluded via electronic trading platforms and post-trade services. The information division represents the sale of market data and research services.

(d) Recent accounting developments

IFRIC14 IAS19 "The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction" was adopted by the Group during the year. There has been no impact on the results or net assets of the Group or Company as a result of this adoption.

Amendments to IAS39 "Financial Instruments: Recognition and Measurement" and IFRS7 "Financial Instruments: Disclosures" permit the reclassification of certain non-derivative financial assets out of fair value through the income statement category in periods beginning after July 2008. These amendments will have no effect on the results and net assets of the Group or Company.

As at the date of approval of these financial statements, the following Standards and Interpretations were in issue but not yet effective. The Group has not applied these Standards and Interpretations in the preparation of these financial statements:

IFRS8 "Operating Segments" applies to accounting periods beginning after 1 January 2009. This standard replaces IAS14 "Segment Reporting" and will not affect the results of the Group but will require a change in the disclosure of segmental information. The Group will adopt this standard from 1 April 2009.

Amendments to IFRS2 "Share Based Payment" clarify the vesting and service conditions of certain employee share option schemes and applies to periods beginning after 1 January 2009. The Group will adopt this amendment from 1 April 2009, and cancellations of share options by employees will be treated in the same way as a cancellation by the Group after that date. This amendment is not expected to have a material effect on the results and net assets of the Group or Company.

Amendments to IAS1 "Presentation of Financial Statements" apply to accounting periods beginning after 1 January 2009 and the Group will adopt these changes from the 1 April 2009. These amendments will not have any effect on the results and net assets of the Group or Company, but may change the presentation of the results.

Amendments to IFRIC9 IAS39 "Financial Instruments: Recognition and Measurement", IFRS7 "Financial Instruments: Disclosures", IFRS3 "Business Combinations", and IAS27 "Consolidated and Separate Financial Statements" have not yet been endorsed by the EU. The impact on the Group's financial statements of the future adoption of the Standards is still under review.

It is expected that the adoption of IFRS3 revised will alter the manner in which future acquisitions are recognised. For example all movements to contingent deferred consideration subsequent to initial recognition are required to be re-measured through the income statement, and costs incurred as part

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

of the transaction are required to be expensed through the income statement. Previously both these amounts have been recognised on the balance sheet. IAS27 revised requires that all transactions with minorities are recognised in equity instead of movements in goodwill or within the income statement. The Group expects that this will not have an effect on the current results and net assets of the Group, but that prospectively it will depend on the nature of transactions undertaken by the Group.

A number of other interpretations and amendments to existing standards have been made by the IASB and IFRIC but are not considered relevant to the Group's or Company's operations.

2. PRINCIPAL ACCOUNTING POLICIES

Group

(a) Revenue

Revenue comprises commission from the Group's agency businesses, brokerage from matched principal transactions, execution on exchange transactions, and fees received from the sale of financial information to third parties.

Agency business (name give-up transactions)

The Group acts in a non-advisory capacity to match buyers and sellers of financial instruments and raises invoices monthly for the service provided. The Group does not act as principal and only receives and transmits orders between counterparties. Revenue is stated net of rebates and discounts, value added tax and other sales taxes and is recognised in full on the date of the trade. Amounts receivable at the year end are reported as other trade receivables within trade and other receivables (note 17).

For the shipbroking business, the Group acts in a non-advisory capacity to match buyers and sellers of services and recognises revenue, net of rebates and discounts, value added tax and other sales taxes, when the Group has a contractual entitlement to commission, normally the point at which there is a completion of contractual terms between the principals of a transaction. Amounts receivable at the year end are reported as other trade receivables within trade and other receivables (note 17).

Matched principal business

Certain Group companies are involved as principal in the purchase and simultaneous commitment to sell securities between third parties. Revenue is generated from the difference between the purchase and sale proceeds and is recognised in full at the time of the simultaneous commitment by the counterparties to sell and purchase the financial instrument.

Execution on exchange business

The Group also acts as a broker of exchange listed products, where the Group executes client orders as principal and then novates the trade to the underlying clients' respective clearing broker for settlement. Revenue is generated from either the difference between the purchase and sale proceeds or by invoice, depending on the product, market and agreements in place with the customer and is recognised on trade date.

Information and post-trade services

The Group receives fees from the sale of financial information and provision of post-trade services to third parties. These are stated net of value added tax and other sales taxes and is recognised in revenue on an accruals basis to match the provision of the service. Amounts receivable at the year end are reported as other trade receivables within trade and other receivables (note 17).

(b) Government grants

Revenue grants received are credited to the income statement on an accruals basis over the period the related expenditure is charged and are shown separately within other income.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Intangible assets arising on consolidation

Intangible assets arising on consolidation include all goodwill and other separately identifiable intangible assets identified at the time of acquisition of an entity. Amortisation of these assets is disclosed in note 5.

(i) **Goodwill**

Goodwill arises on the acquisition of subsidiaries, joint ventures and associates and represents the cost of the acquisition in excess of the fair value of the Group's share of the net assets acquired. Fair values are determined based on an assessment of the value of the individual assets and liabilities acquired, including reference to market prices, discounting expected future cash flows to present value or using replacement cost as appropriate.

Goodwill is initially recognised at cost and is subsequently held at cost less any provision for impairment. Goodwill is not subject to amortisation but is tested annually for impairment.

Goodwill acquired since 2004 is held in the currency of the underlying assets of the business and is revalued at the closing rate at each balance sheet date. Goodwill acquired before 2004 is held in sterling and is not revalued.

Goodwill acquired prior to 1998 was immediately eliminated against reserves and was not reinstated on transition to IFRS. Goodwill held on the balance sheet on transition to IFRS in 2004 has been recognised at its book value at the date of transition and is no longer amortised but is tested annually for impairment.

Goodwill arising on the acquisition of subsidiaries and joint ventures is shown within non-current assets. Goodwill arising on the acquisition of associates is included within their carrying value.

(ii) **Separately identifiable intangible assets**

The Group has recognised separately identified intangible assets on acquisitions where appropriate. These generally include customer contracts and customer relationships. Intangible assets acquired by the Group are initially stated at fair value and subsequently adjusted for amortisation and any impairment. Impairment charges are recognised in the income statement. Where an impairment has taken place, the asset is reviewed annually for any reversal of the impairment. Any reversal of impairments are credited to the income statement.

Amortisation of separately identifiable intangible assets is charged to the income statement on a straight-line basis over their estimated useful lives as follows:

Customer relationships	2–10 years
Customer contracts	Period of contract
Other intangible assets	Period of contract

A deferred tax liability is recognised against the asset where the amortisation is non-tax deductible. The liability unwinds over the same period as the asset is amortised.

(iii) **Impairment**

Goodwill is not amortised but is tested for impairment at least annually. The recoverable amount of a Cash Generating Unit (CGU) is determined based on value-in-use calculations. These calculations use cashflow projections which extend forward to a terminal value and which take account of the approved budget for the coming year. The Group applies a suitable discount factor to the future cash flows based on its weighted average cost of capital. Growth rates are conservatively applied and do not exceed the expected growth in the local economy after the fifth year. Where the carrying value of the asset exceeds its value-in-use, an impairment charge is immediately recognised in the income statement, and the asset is impaired to its value-in-use. For goodwill, impairment charges are not reversed and impaired intangible assets are reviewed annually for reversal of previous impairment.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets arising from development expenditure

Development expenditure on software for electronic trading platforms is recognised as an intangible asset in accordance with the provisions of IAS38 "Intangible Assets". Amortisation of these assets is charged to the income statement on a straight-line basis over the expected useful economic life of the asset of three to five years.

Amortisation and impairment of intangible assets arising from development expenditure is charged within operating expenses in profit before tax. Amortisation is charged against assets from the date at which the asset becomes available for use.

(e) Property, plant and equipment

Property, plant and equipment is initially recognised at fair value and is subsequently presented at fair value less accumulated depreciation and any provisions for impairment in its value. It is depreciated on a straight-line basis over its expected useful economic life as follows:

Short leasehold property	Period of lease
Furniture, fixtures and equipment	3–5 years

The Group reviews its depreciation rates regularly to take account of any changes in circumstances. These rates are determined on consideration of factors such as the expected rate of technological development and anticipated usage levels.

When a leasehold property becomes surplus to the Group's foreseeable business requirements, provision is made on a discounted basis for the expected future net cost of the property.

(f) Leased assets

Operating lease rentals are charged to the income statement on a straight-line basis over the lease term.

(g) Financial assets

Financial assets are classified as "available-for-sale", "loans and receivables" or "financial assets at fair value through the income statement" on initial recognition.

Available-for-sale: available-for-sale financial assets are debt and equity non-derivative financial assets and are initially recognised at fair value. Any subsequent changes in fair value are recognised directly in equity. When an investment is disposed of or is determined to be impaired, any cumulative gain or loss previously recognised in equity is transferred to the income statement. For equity financial assets, where the fair value cannot be reliably measured, the assets are held at cost less any provision for impairment. These assets are generally expected to be held for the long term and are included in non-current assets. Assets such as shares or seats in exchanges, cash-related instruments, and long-term equity investments that do not qualify as associates or joint ventures are classified as available-for-sale.

Fair value through the income statement: fair value through the income statement assets are designated as such where they meet the conditions of IAS39 "Financial Instruments: Recognition and Measurement". They are initially recognised at fair value and any subsequent changes in fair value are recognised directly in the income statement. These assets are usually held for short-term gain, or are financial instruments not designated as hedges. The accounting policy for fair value hedges is included in note 2(j). These assets are included in trade and other receivables (note 17).

Loans and receivables: loans and receivables are non-derivative financial instruments which have a fixed or easily determinable value. They are recognised at cost, less any provisions for impairment in their value. These assets are included in trade and other receivables (note 17).

Financial assets not held at fair value are impaired where there is objective evidence that the value may be impaired. The amount of the impairment is calculated as the difference between the carrying value and the present value of any expected future cash flows, with any impairment being recognised in the income statement. Subsequent recovery of amounts previously impaired are credited to the income statement.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Matched principal business

Certain Group companies are involved as principal in the purchase and simultaneous commitment to sell securities and other financial instruments, between third parties. Such trades are complete only when both sides of the transaction are settled and therefore the Group is exposed to the risk in the event that one side of the transaction remains unsettled. Substantially all the transactions settle within a short period of time on a delivery versus payment basis and, as such, the settlement risk is considered to be low. All amounts due to and payable by counterparties in respect of matched principal business are shown gross as matched principal trade receivables and matched principal trade payables (notes 17 and 18), except where a netting agreement, which is legally enforceable at all times exists and the asset and liability are either settled net or simultaneously.

(i) Matched stock lending business

Certain Group companies are involved in collateralised stock lending transactions as an intermediary between counterparties. Such trades are complete only when both the collateral and stock for each side of the transaction is returned. The gross amounts of collateral due and receivable are disclosed in the balance sheet as deposits paid for securities borrowed and deposits received for securities loaned (notes 17 and 18).

(j) Client money

The Group holds money on behalf of clients in accordance with the client money rules of the FSA. Since the Group is not beneficially entitled to these amounts, they are excluded from the Group balance sheet along with the corresponding liabilities to clients. The amounts held on behalf of clients at the balance sheet date are included in note 27.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, overdrafts and demand deposits and other short-term highly liquid investments which are subject to insignificant risk of change in fair value and are readily convertible into a known amount of cash with less than three months maturity.

(l) Long-term borrowings

Long-term borrowings are initially recognised at fair value, being their issue proceeds net of transaction costs incurred. At subsequent reporting dates long-term borrowings are held at amortised cost using the effective interest rate method, with changes in value recognised through the income statement. Transaction costs are recognised in the income statement over the period of the borrowings using the effective interest rate method.

(m) Pension costs

The Group operates defined contribution schemes. Payments to defined contribution schemes are recognised as an expense in the income statement as they fall due. Any difference between the payments and the charge is recognised as a short-term asset or liability. All assets of pension schemes are held separately from the Group.

The Group operates a defined benefit pension scheme in the US that is closed to new entrants. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. The expected return on the scheme's assets and the interest arising on the pension scheme's liabilities is recognised in the income statement within finance income and finance costs. The pension scheme deficit recognised in the balance sheet represents the difference between the fair value of the assets of the plan and the present value of the defined benefit obligation at the balance sheet date.

Actuarial gains and losses are recognised in full in the period in which they occur in the statement of recognised income and expense, net of the deferred tax impact. The expected return on scheme's assets reflects the estimate made by management of the long-term yields that will arise from the specific assets held within the pension scheme.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(n) Share-based payments

The Group awards options over ICAP plc shares as part of employee incentive schemes. The Group has applied IFRS2 "Share-based Payment" for all such awards granted since 7 November 2002. The fair value of services acquired is measured by the fair value of the shares or share options awarded at the time of granting and is charged to staff costs over the period the service is received on a straight-line basis. A reserve of an equivalent amount is held on the balance sheet as part of the retained earnings.

The fair value of share options awarded is calculated using the Black-Scholes option pricing model and takes into account various parameters, including the exercise price, current share price, risk free rate of return and the volatility of ICAP plc's share price. The expected lives used in the fair value calculations are adjusted for the estimated effect of non-transferability and exercise restrictions.

A cancellation of a share option by an employee is regarded as a failure to fulfil the performance conditions of the scheme, and all charges relating to that particular grant are credited back to the income statement.

(o) Tax

Tax on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior years. Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also included within equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the amounts charged or credited for tax purposes. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group is able to control the timing of dividends from its overseas entities and therefore does not expect to remit overseas earnings in the foreseeable future in a way which would result in a tax charge. As a consequence deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued or a binding agreement to distribute past earnings in the future has been entered into by the subsidiary.

No provision is made in respect of any further tax liability that would arise on the distribution of retained earnings of overseas joint ventures and associates.

(p) Foreign currencies

In individual entities, transactions denominated in foreign currencies are translated into the functional currency of that entity at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are recognised in the income statement, except for exchange differences arising on non-monetary assets and liabilities where these form part of the net investment of an overseas business or are designated as hedges of a net investment or cash flow, when the changes in value are recognised directly in equity. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

On consolidation, the results of businesses with non-sterling functional currency are translated into the presentational currency of the Group at the average exchange rates for the period where these approximate to the rate at the date of the transactions. Assets and liabilities of overseas businesses are translated into the presentational currency of the Group (sterling) at the exchange rate prevailing at the balance sheet date. Exchange differences arising are recognised within equity. Cumulative translation differences arising after the transition to IFRS are taken to the income statement on disposal of the net investment.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Where applicable the Group has elected to treat goodwill and fair value adjustments arising before the date of transition to IFRS as denominated in the presentational currency of the Group.

In the cash flow statement, cash flows denominated in foreign currencies are translated into the presentational currency of the Group at the average exchange rate for the year or at the rate prevailing at the time of the transaction where more appropriate.

(q) Provisions

A provision is recognised where there is a present obligation, either legal or constructive, as a result of a past event for which it is probable there will be a transfer of economic benefits to settle the obligation.

Property provisions are recognised where office space is surplus to requirements at the cost of fulfilling the lease obligations less any expected rental income from sub-letting the property. The provision is discounted when material.

A provision for the unutilised holiday entitlement of employees at each year end is recognised.

3. KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts which differ from those estimates. Estimates, judgements and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to the Group's results and financial position, based upon materiality and significant judgements and estimates, are discussed below.

(i) Goodwill and intangible assets

The Group reviews goodwill for impairment at least annually at the balance sheet date or when events or changes in economic circumstances indicate that impairment may have taken place, in line with the Group's accounting policy. Intangible assets remaining useful lives are reviewed annually and are also reviewed for impairment when events or changes in economic circumstances indicate that impairment may have taken place. This calculation requires the exercise of significant judgement by management; if the estimates made prove to be incorrect or performance does not meet expectations which affect the amount and timing of future cash flows, goodwill and intangible assets may become impaired in future periods. The assumptions and results of the impairment reviews are disclosed in note 13.

(ii) Share-based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Determining the value of a grant of equity instruments requires selecting an appropriate valuation model and estimating the required inputs to that model, including the expected life of the option, volatility and dividend yield and making assumptions about them.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Accounting estimates and judgements (continued)

(iii) Tax

Significant judgement is required in determining the Group's income tax liabilities. In arriving at the current and deferred tax liability the Group has taken account of tax issues that are subject to ongoing discussions with the relevant tax authorities. Calculations of these liabilities have been based on management's assessment of legal and professional advice, case law and other relevant guidance. Where the expected tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax amounts in the period in which such determination is made.

(iv) Pension schemes

Whilst significant judgement is required in valuing pension scheme assets and estimating future liabilities, etc. any changes in these estimates is not expected to have a significant effect on the results of the Group.

4. SEGMENTAL INFORMATION

a) Analysis by geographic segment

	Year ended 31 March 2009			
	Americas	EMEA	Asia Pacific	Total
	£m	£m	£m	£m
Revenue	644	675	93	1,412
Operating profit before amortisation and impairment of intangibles arising on consolidation and exceptional items	138	227	45	410
Amortisation and impairment of intangibles arising on consolidation	(28)	(16)	(14)	(58)
Exceptional items	-	-	-	-
Operating profit	110	210	32	352
Net finance income/(cost)	(22)	30	-	8
Profit before tax	88	240	32	360
Other income statement items:				
Amortisation of intangibles arising from development expenditure	13	4	-	17
Depreciation of property plant and equipment	12	8	-	20
Movement in provisions recognised in the income statement	(1)	4	-	3
Other balance sheet items:				
Investment in associates	3	1	-	4
Capital expenditure	37	20	-	57
Net assets:				
Total assets	21,218	8,619	244	30,081
Total liabilities	(20,664)	(8,372)	(24)	(29,060)
Net Assets	554	247	220	1,021

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

SEGMENTAL INFORMATION (CONTINUED)

	Year ended 31 March 2008			
	Americas	EMEA	Asia Pacific	Total
	£m	£m	£m	£m
Revenue	528	565	56	1,149
Operating profit before amortisation and impairment of intangibles arising on consolidation and exceptional items	129	187	27	343
Amortisation and impairment of intangibles arising on consolidation	(17)	(15)	(9)	(41)
Exceptional items	4	(23)	-	(19)
Operating profit	116	149	18	283
Net finance income/(cost)	(2)	6	-	4
Profit before tax	114	155	18	287
Other income statement items:				
Amortisation of intangibles arising from development expenditure	10	3	-	13
Depreciation of property plant and equipment	10	7	-	17
Movement in provisions recognised in the income statement	2	(1)	-	1
Other balance sheet items				
Investment in associates	-	1	-	1
Capital expenditure	26	15	-	41
Net assets				
Total assets	26,586	9,305	28	35,919
Total liabilities	(26,178)	(8,871)	(11)	(35,058)
Net Assets	408	442	17	861

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

SEGMENTAL INFORMATION (CONTINUED)

b) Analysis by business segment

Year ended 31 March 2009				
	Voice division	Electronic division	Information division	Total
	£m	£m	£m	£m
Revenue	1,036	324	52	1,412
Operating profit before amortisation and impairment of intangibles arising on consolidation and exceptional items	261	126	23	410
Amortisation and impairment of intangibles arising on consolidation	(17)	(41)	–	(58)
Exceptional items	–	–	–	–
Operating profit	244	85	23	352

Year ended 31 March 2008				
	Voice division	Electronic division	Information division	Total
	£m	£m	£m	£m
Revenue	836	273	40	1,149
Operating profit before amortisation and impairment of intangibles arising on consolidation and exceptional items	214	107	22	343
Amortisation and impairment of intangibles arising on consolidation	(12)	(29)	–	(41)
Exceptional items	(6)	(13)	–	(19)
Operating profit	196	65	22	283

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

5. OPERATING EXPENSES

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Profit before tax is stated after charging:		
Amortisation and impairment of intangible assets arising on consolidation		
- Subsidiaries	58	41
Amortisation of intangible assets arising from development expenditure	17	13
Depreciation of property, plant and equipment – owned assets	20	17
Operating lease rentals – minimum lease payments	11	8
Exchange adjustments	26	5
	<u> </u>	<u> </u>
	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Auditors remuneration:		
Fees payable to the Company's auditor the for audit of the Company's annual financial statements	-	-
Fees payable to the Company's auditor for other services:		
-for the audit of the Company's subsidiaries	2.4	2.0
-tax services	0.2	0.1
	<u> </u>	<u> </u>
	2.6	2.1
	<u> </u>	<u> </u>

The audit fee charged for the audit of the Company's consolidated financial statements was £15,000.

6. EXCEPTIONAL ITEMS

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
EBS related exceptional costs	-	(13)
Disputed post-trade settlement clearing adjustment	-	(13)
	<u> </u>	<u> </u>
Exceptional Costs	-	(26)
Disposal and closure of operations in prior year	-	1
Other exceptional gains	-	6
	<u> </u>	<u> </u>
Exceptional income	-	7
	<u> </u>	<u> </u>
Net exceptional items before tax	-	(19)
Tax	-	6
	<u> </u>	<u> </u>
	-	(13)
	<u> </u>	<u> </u>

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

EXCEPTIONAL ITEMS (CONTINUED)

There are no exceptional items in the current year. Descriptions below relate to prior year items.

The EBS related exceptional item related to the final reorganisation and rationalisation costs following the acquisition of EBS Group Limited in June 2006.

A sub-custodian made a post-trade settlement adjustment debiting a Group company's account for a total of £23m without notice or the Group's consent. As a result of the need to resort to litigation to recover the debt, the Group fully provided against this debt (£13m after offsetting cost recoveries).

The Group closed a number of its futures operations in the year ended 31 March 2007.

Other exceptional gains arose from the disposal of exchange shares and seats.

7. OTHER OPERATING INCOME

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Income from government grants	15	14
Other	6	1
	<u>21</u>	<u>15</u>

Income from government grants relates to a Business Enterprise Incentive Program grant receivable in the US from the state of New Jersey. This grant is receivable until 2014 by the Group, provided it maintains its operations in the state of New Jersey until 2019, and is based on the amount of employee tax paid over to the state authorities.

Other includes profit on disposal of the Group's investments in New York Stock Exchange shares and The Clearing Corporation.

8. STAFF COSTS

Analysis of employee costs

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Salaries (including bonuses)	704	584
Social security costs	53	44
Share-based payments	9	6
Defined contribution pension costs	5	5
Redundancy costs & severance payments	9	3
Other	3	1
	<u>783</u>	<u>643</u>

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

STAFF COSTS (CONTINUED)

Number of employees

Analysis by geographic location	Average		Year end	
	Year ended 31/3/2009	Year ended 31/3/2008	As at 31/3/2009	As at 31/3/2008
Americas	1,640	1,472	1,675	1,569
EMEA	1,618	1,337	1,680	1,457
Asia Pacific	58	42	69	48
	<u>3,316</u>	<u>2,851</u>	<u>3,424</u>	<u>3,074</u>
Analysis by activity				
Voice division	2,647	2,293	2,753	2,400
Electronic division	641	532	645	643
Information division	28	26	26	31
	<u>3,316</u>	<u>2,851</u>	<u>3,424</u>	<u>3,074</u>

The Company had no employees during the year. The directors of IGHL received no remuneration for their services to the Company.

9. FINANCE INCOME

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Bank interest	8	14
Interest receivable from affiliates	4	4
Other		
- Interest on overdue tax	5	-
- Other	1	-
	<u>18</u>	<u>18</u>

10. FINANCE COSTS

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Bank interest		
-On loan	2	-
-Fees	2	-
-Other	-	10
Interest payable to affiliates	5	3
Other interest payable	1	1
	<u>10</u>	<u>14</u>

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

11. TAX

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Current taxation:		
UK corporation tax at 28% (2008: 30%)		
- Current period	65	56
- Double tax relief	(1)	(1)
- Adjustment to prior periods	3	9
Overseas taxation		
- Current period	40	53
- Adjustment to prior periods	(16)	(3)
	91	114
Deferred taxation	14	(11)
Total tax charged to Income Statement	<u>105</u>	<u>103</u>

The Group's share of profit of associates in the income statement is shown net of tax of £0.1m (2008 – £nil). There is no tax effect of exceptional items in the current year (2008 – £5.5m).

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Tax Charged to equity in the year		
Current tax credit on share-based payments	(5)	(2)
Current tax credit on exchange adjustments	-	(1)
Net current tax on items recognised in equity	<u>(5)</u>	<u>(3)</u>
Deferred tax on revaluation of available-for-sale investments	1	(2)
Deferred tax charge on share-based payments	4	1
Net deferred tax on items recognised in equity	<u>5</u>	<u>(1)</u>

The Group's UK tax charge for the year ended 31 March 2009 exceeds the UK statutory rate and can be reconciled as follows:

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Profit before taxation	360	287
Tax on profit at the standard rate of corporation tax in the UK of 28% (2008: 30%)	101	86
Expenses not deductible for tax purposes	3	15
Timing differences	(2)	(15)
Adjustments in respect of foreign tax rates	16	11
Adjustments to tax in respect of prior years	(13)	6
Adjustments in respect of associates	-	-
Tax Charge	<u>105</u>	<u>103</u>

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

12. ACQUISITIONS

a) Subsidiaries – current year

The Link Asset and Securities Company Limited (Link)

On 7 April 2008, ICAP plc completed the acquisition of Link, a global equity derivatives broker. The Link Group has operations in UK, US and HK. Ownership of Link, the UK trading entity within the Link group, was transferred to the Group during the year. Using the principles outlined in note 1 relating to merger accounting, the Group has recognised the acquisition of this company from the same date at which it was acquired by ICAP plc (that is 7 April 2008). In addition, the Group has measured both the consideration and fair values of assets and liabilities at the same amounts as determined by ICAP plc.

The Group paid consideration of £108m, which represents the fair value of the assets acquired, to Intercapital Ltd, a fellow subsidiary of ICAP plc, for the acquisition. The acquisition of Link by Intercapital Ltd also includes an element of deferred consideration, and there is an agreement between the Group and Intercapital Ltd to adjust the amount paid by the Group accordingly, once the final value is settled by Intercapital Ltd in June 2010. The Group currently estimates that this will not be materially different from the amount already paid.

The fair value adjustments include the recognition of intangible assets arising on consolidation of £66m, the majority of which is in respect of customer relationships that are being amortised over ten years, a related deferred tax provision of £19m, and other provisions of £10m. The Group considers that the fair value of £55m for the goodwill is reasonable and relates to the value of the future growth potential of the business, its liquidity, and the assembled workforce. These assets are not separately identifiable.

In the period from acquisition to 31 March 2009, the Link UK business was integrated with certain complementary Group businesses. The combined Link UK businesses contributed £54m to revenue and £9m to profit before tax, but after restructuring costs. It is impracticable to separately disclose the amounts relating solely to the business acquired, as the businesses have been successfully integrated. If the acquisition had been completed on the first day of the financial year, the results would not be materially different.

Others

In December 2008, a member of the Group acquired the remaining 50% stake in Skaarup Shipbrokers Inc (Skaarup) that it did not previously own by acquiring Bulk Ocean Chartering Inc, a shipbroking company based in the US, for £2m, and the remaining 50% it did not previously own of ICAP Shipping (Hong Kong) Limited, a shipbroking company based in China, for £0.2m. There were no fair value adjustments on these investments and goodwill of £2m has been recognised on the acquisition of Skaarup. Negative goodwill of £0.1m arising on the acquisition of ICAP Shipping (Hong Kong) Limited has been recognised immediately in the income statement as other income. The Group now owns 75% of these companies through its investment in ICAP Shipping International Limited (ICAP Shipping).

In the period since acquisition, these companies contributed £0.8m in revenue and £0.3m in profit before tax. If the acquisition had been completed on 1 April 2008 it is estimated the contribution would have been £2.2m to revenue and £0.8m in profit before tax.

In July 2008, the Group acquired Moving Pictures and Television LLC (Moving Pictures), a US company involved in broking media content, for an initial payment of £0.3m (\$0.4m) with contingent deferred consideration of up to £1m (\$2m) payable within three years. The Group has the option to resell the company back to the original owners after three years at an amount equal to that originally paid. No fair value adjustments were required on the transaction and goodwill of £1m (\$2m) has been recognised on the acquisition. In the period since acquisition Moving Pictures has contributed £0.4m to revenue and a loss before tax of £0.1m. If the acquisition had been completed on 1 April 2008, it is estimated Moving Pictures would have contributed £0.4m to revenue and a loss before tax of £0.1m.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

ACQUISITIONS (CONTINUED)

The fair value of the assets acquired is as follows:

	Link		Others		Total	
	Book value £m	Fair value £m	Book value £m	Provisional fair value £m	Book value £m	Provisional fair value £m
Net assets acquired						
Intangible assets arising on consolidation	–	66	–	–	–	66
Deferred tax liability	–	(18)	–	–	–	(18)
Cash and cash equivalents	19	19	1	1	20	20
Trade and other receivables	2,000	2,000	1	1	2,001	2,001
Trade and other payables	(2,003)	(2,014)	(1)	(1)	(2,004)	(2,015)
	16	53	1	1	17	54
Goodwill		55		3		58
Consideration		108		4		112
Satisfied by:						
Cash		108		3		111
Contingent deferred consideration		-		1		1
		108		4		112

b) Subsidiaries – prior years

Reset Pte Limited (Reset)

In January 2009, the Group made the final contingent deferred consideration payment of \$95m (£64m) to acquire 21.25% of Reset to take the Group's holding to 85%

In March 2009, the minority shareholder exercised their option to require the Group to acquire the remaining 15% of Reset. The cost of acquisition is expected to be \$43m (£30m) plus costs. As at 31 March 2009, the Group has recognised 100% of the assets of Reset in its balance sheet, with a corresponding liability of \$43m (£30m) in other payables (note 18). Additional goodwill of \$40m (£27m) has been recognised on this acquisition.

Other

The Group has derecognised the minority holdings in ICAP Shipping International Limited during the year and, in line with the single credit method, now recognises contingent deferred consideration instead, with a corresponding increase in goodwill.

c) Associates

The Group acquired a 20% stake in Blockcross Holdings LLC (Blockcross), a company incorporated in the US involved in the development of software for trading platforms, for a consideration of £3m. As the Group has significant influence on the operating and financial policies of Blockcross, this investment is recognised as an associate of the Group.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

ACQUISITIONS (CONTINUED)

d) Contingent deferred consideration

A number of acquisitions made by the Group are satisfied in part by contingent deferred consideration. The Group has re-estimated the amounts due as contingent deferred consideration where necessary, with any corresponding adjustments being made to goodwill where the transaction is regarded as a business combination.

Included within contingent deferred consideration are amounts which are exercisable at certain dates in the future on put options written over shares held by minorities where the Group considers it highly likely that these options will be exercised.

Year ended 31 March 2009			
	ICAP Shipping £m	Moving Pictures £m	Total £m
Contingent deferred consideration outstanding as at 1 April 2008	2	–	2
Acquisitions in the year	–	1	1
Cash consideration paid in the year	(1)	–	(1)
Contingent deferred consideration outstanding as at 31 March 2009	1	1	2

Year ended 31 March 2008	
	ICAP Shipping £m
Contingent deferred consideration outstanding as at 1 April 2007	–
Acquisition in the year	2
Contingent deferred consideration outstanding as at 31 March 2008	2

The contingent deferred consideration consists of cash only. A list of the principal trading subsidiaries of the Group is given on page 69.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

13. INTANGIBLE FIXED ASSETS

(a) Intangible fixed assets arising on consolidation

	Goodwill £m	Other £m	Total £m
Cost			
As at 1 April 2008	701	326	1,027
Additions (note 12)	89	66	155
Adjustments relating to contingent deferred consideration	5	-	5
Exchange adjustments	165	88	253
As at 31 March 2009	960	480	1,440
Amortisation and impairment			
As at 1 April 2008	22	68	90
Amortisation charge for the year	-	51	51
Impairment in the year	7	-	7
As at 31 March 2009	29	119	148
Net book value			
As at 31 March 2009	931	361	1,292
Cost			
As at 1 April 2007	542	246	788
Additions	110	80	190
Adjustments relating to contingent deferred consideration	49	-	49
As at 31 March 2008	701	326	1,027
Amortisation and impairment			
As at 1 April 2007	14	35	49
Amortisation charge for the year	-	33	33
Impairment in the year	8	-	8
As at 31 March 2008	22	68	90
Net book value			
As at 31 March 2008	679	258	937

The Group reviews the performance of the businesses and reassesses the likely period over which the acquired intangible asset is likely to continue to add value to the business each year. As a result some businesses will have no impairment in a particular year while others will. The Group has booked an impairment in the year of £7m relating to First Brokers (2008 – £8m).

Impairment testing of intangible assets arising on consolidation

Goodwill and other intangible assets arising on consolidation are allocated to a cash generating units (CGUs) at acquisition. A CGU is the smallest segment on which it is practicable to report, each of which represents one of the Group's businesses. The carrying amounts are presented below.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

INTANGIBLE FIXED ASSETS (CONTINUED)

Analysis of intangible assets by CGU

As at 31 March 2009					
	Business division	Year of acquisition	Goodwill £m	Customer relationships £m	Net book value £m
Exco's acquisition of Intercapital	Voice	1998	23	–	23
ICAP Energy LLC	Voice	2002	18	–	18
First Brokers Securities LLC	Voice	2002	16	–	16
ICAP Electronic Broking LLC	Electronic	2003	146	–	146
ICAP United Inc	Voice	2005	15	1	16
EBS Group Ltd	Electronic	2006	353	210	563
Reset	Electronic	2006	147	3	150
Traiana Inc	Electronic	2007	106	82	188
ICAP Shipping	Voice	2007/08	39	5	44
Link	Voice	2009	55	60	115
Others	Voice	Various	13	–	13
			931	361	1,292

Goodwill is not amortised but is tested for impairment at least annually. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cashflow projections which extend forward to a terminal value and which take account of the approved budget for the year ending 31 March 2010 together with assumptions surrounding the expected life of the asset, management's view of the trading cycles and growth profile facing each CGU and any adjustments required to the discount factor to take account of country or business risk.

The value-in-use calculations are sensitive to changes in these assumptions and in particular long-term growth rates. With the exception of Traiana, ICAP Shipping and First Brokers Securities LLC (First Brokers), the base model assumes that the budgeted cashflows for 2010 grew at 2% per annum to a terminal value in year ten and when discounted showed significant headroom. The base case was then stress tested using a zero growth assumption and continued to show no impairment. Management view these assumptions as conservative and do not believe that any reasonable change in the assumptions would cause the carrying value of these CGU's to exceed the recoverable amount.

Traiana, ICAP Shipping and First Brokers each exhibit different trading characteristics from ICAP's other businesses during the forecast period.

First Brokers' cash flows have been modelled on the basis of flat performance for a remaining life of six years. As a result of this analysis the investment in First Brokers was impaired by £7m in 2009 (2008 - £8m).

The performance of ICAP's shipping business is influenced by a combination of global trading volumes and imbalances in the world fleet. The industry has historically exhibited trading peaks and troughs every three to four years and, in modelling the future cashflows, management has assumed that revenues peak in 2013 and 2018 at levels up 50% and 80% respectively on 2008 performance when pro-forma cash flows were £10m and that the terminal cashflow represents the average achieved over the previous cycle. While these assumptions are viewed as conservative, it remains unclear when the next cycle will commence. Management has therefore stress tested its assumptions further by assuming flat trading performance through 2011 and 2012. Under this scenario the carrying value of the CGU equates to the recoverable amount.

The relatively early stage of development of Traiana makes modelling cashflows difficult and as such, in determining the value-in-use for this business management commissioned an external review of the business model to determine the likely profile for the next five years and then assumed flat performance thereafter. In stress testing management noted that the discount factor applied to the cashflows could rise to 29%, or the cashflows fall to 25% of forecast using a 10% discount factor, before any impairment was required.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

INTANGIBLE FIXED ASSETS (CONTINUED)

The Group applied a discount factor of 10% (2008 – 8%) which was weighted to take account of country risk, where investments have been made outside the UK and North America, and / or business risk which, in the case of Traiana, was doubled to 20% to take account of the risks associated with modelling a business in its early stage of development.

b) Intangible fixed assets arising from development expenditure

Intangible assets arising from development expenditure consist of the software development costs of electronic trading platforms and other assets and are generally amortised over three to five years. The Group reviews the useful economic lives of these assets on a regular basis.

The amortisation and impairment of assets arising on development expenditure is included within profit before amortisation and impairment of intangibles arising on consolidation and exceptional items in the income statement.

	As at 31/3/2009 £m	As at 31/3/2008 £m
Cost		
As at 1 April	92	64
Additions	28	28
Disposals	(2)	–
Exchange adjustments	24	–
As at 31 March	<u>142</u>	<u>92</u>
Amortisation and impairment		
As at 1 April	57	45
Amortisation charge for the year	17	13
Impairment in the year	–	–
Disposals	(2)	–
Exchange adjustments	16	(1)
As at 31 March 2009	<u>88</u>	<u>57</u>
Net book value	<u>54</u>	<u>35</u>

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

14. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold property £m	Furniture, fixtures and equipment £m	Total £m
Cost			
As at 1 April 2008	14	115	129
Additions on acquisition of subsidiaries (note 12)	-	-	-
Additions	-	31	31
Disposals	-	(1)	(1)
Exchange adjustments	1	32	33
As at 31 March 2009	<u>15</u>	<u>177</u>	<u>192</u>
Depreciation			
As at 1 April 2008	6	77	83
Charge for the year	1	19	20
Disposals	-	(1)	(1)
Exchange adjustments	-	27	27
As at 31 March 2009	<u>7</u>	<u>122</u>	<u>129</u>
Net Book Value			
As at 31 March 2009	<u>8</u>	<u>55</u>	<u>63</u>
Cost			
As at 1 April 2007	13	101	114
Additions on acquisition of subsidiaries	-	1	1
Additions	1	14	15
Disposals	-	(1)	(1)
As at 31 March 2008	<u>14</u>	<u>115</u>	<u>129</u>
Depreciation			
As at 1 April 2007	5	62	67
Charge for the year	1	16	17
Disposals	-	(1)	(1)
As at 31 March 2008	<u>6</u>	<u>77</u>	<u>83</u>
Net Book Value			
As at 31 March 2008	<u>8</u>	<u>38</u>	<u>46</u>

No assets are held under finance leases

15. INVESTMENT IN ASSOCIATES

	As at 31/3/2009 £m	As at 31/3/2008 £m
As at 1 April	1	1
Additions on acquisition of subsidiaries (note 12)	3	-
Share of profit for the four months to 31 March 2009	-	-
As at 31 March	<u>4</u>	<u>1</u>

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

INVESTMENT IN ASSOCIATES (CONTINUED)

Summary financial information for associates

The Group's share of associates' assets, liabilities and profit is given below:

	As at 31 March 2009 £m	As at 31 March 2008 £m
Assets	11	1
Liabilities	(9)	-
Net assets	2	1
Goodwill and intangible assets arising on consolidation	2	-
Net investment in associates	4	1
	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Revenue	4	-
Operating expenses	(4)	-
Share of profit of associates after tax	-	-

The Group's principal associates and their country of incorporation are listed below.

Country of incorporation		% held	Principal activity
China	Capital Shipbrokers Ltd	37.5	Voice broking
Singapore	Island Shipbrokers Pte Ltd	16.9	Voice broking
United States	Confirmhub LLC	33.0	Electronic trading
	Blockcross Holdings LLC	20.0	Electronic trading

Island Shipbrokers Pte Ltd is regarded as an associate of the Group, as a company controlled by the Group owns 22.5% of the equity and has significant influence on the accounting and operational policies of Island Shipbrokers Pte Ltd. A company controlled by the Group owns 50% of Capital Shipbrokers Limited and has significant influence, but not control, of this company.

16. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31/3/2009 £m	As at 31/3/2008 £m
As at 1 April	21	28
Additions	11	1
Disposals	(22)	(9)
Revaluation to fair value in the year recognised in equity	-	-
Exchange adjustments	8	1
As at 31 March	18	21

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

AVAILABLE-FOR-SALE INVESTMENTS (continued)

Analysis of Available-for-sale investments:

	As at 31/3/2009 £m	As at 31/3/2008 £m
Non-current:		
- listed	-	4
- unlisted	15	6
	<u>15</u>	<u>10</u>
Current:		
- listed	-	-
- unlisted	3	11
	<u>3</u>	<u>11</u>
Total	<u><u>18</u></u>	<u><u>21</u></u>

Available-for-sale investments include the following:

Listed securities		
-Equities listed in the US	-	4
Cash related instruments	5	12
Equity investments	13	5
	<u>18</u>	<u>21</u>
Total	<u><u>18</u></u>	<u><u>21</u></u>

The fair value of unlisted securities is based on cost less any provision for impairment.

The interest rate profile of the Group's financial assets together with discussion of risk management are included in note 22.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

17. TRADE AND OTHER RECEIVABLES

	As at 31/3/2009 £m	As at 31/3/2008 £m
Non-current receivables		
Other receivables	2	2
Current receivables		
Matched principal trade receivables	25,890	33,325
Deposits paid for securities borrowed	879	771
Other trade receivables	190	165
Impairment of other trade receivables	(3)	(1)
Financial assets held at fair value through the income statement	5	4
Amounts owed by affiliates (note 26)	1,178	160
Amounts owed by associates	2	1
Other receivables	84	61
Prepayments	76	53
	<u>28,301</u>	<u>34,539</u>

Financial assets held at fair value through the income statement include the Group's investment in the Pronous fund which is currently in the process of being wound up in an orderly manner. The Group expects this asset to be substantially liquidated in the coming year.

As at 31 March 2009 and 31 March 2008, the fair value of trade and other receivables is not materially different from their book values.

Matched principal transactions are those where the Group acts as principal in the simultaneous commitment to sell securities between third parties. Such trades have no contractual settlement date and are complete only when both sides of the transaction are settled, and therefore an aged analysis of matched principal trade receivables is not appropriate. Substantially all matched principal receivables settle within a short period of time, usually within three days of trade date.

Deposits paid for securities borrowed represents the cash paid as collateral in a stock lending transaction. The Group acts as an intermediary between counterparties for collateralised stock lending transactions. Such trades are only complete when both the collateral and stock for each side of the transaction are returned. The gross amounts of collateral due and receivable are disclosed on the balance sheet (notes 18 and 22).

Other trade receivables represent amounts receivable in respect of agency business and information services. As at 31 March the following other trade receivables were past their normal settlement date but had not been impaired.

	As at 31/3/2009 £m	As at 31/3/2008 £m
Less than 30 days	40	58
Over 30 days, but less than 90 days	10	9
Over 90 days	6	4
	<u>56</u>	<u>71</u>

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

TRADE AND OTHER RECEIVABLES (CONTINUED)

The impairment provision is based on historical data for the trade receivables of the Group and represents the expected reduction in the amount receivable as a result of invoicing errors and other disputes and specific provisions for doubtful debts.

	As at 31/3/2009 £m	As at 31/3/2008 £m
As at 1 April	1	1
Charged to the income statement in the four months to 31 March 2009	3	1
Released to the income statement in the four months to 31 March 2009	(1)	(1)
As at 31 March	<u>3</u>	<u>1</u>

The table below gives an indication of the concentration of the Group's trade receivables by currency:

As at 31 March 2009

	Trade receivables					Total
	Sterling	Dollar	Euro	Yen	Other currencies	
	£m	£m	£m	£m	£m	£m
Matched principal trade receivables	1,637	19,094	3,627	72	1,460	25,890
Deposits paid for securities borrowed	-	879	-	-	-	879
Other trade receivables	40	118	29	1	2	190
	<u>1,677</u>	<u>20,091</u>	<u>3,656</u>	<u>73</u>	<u>1,462</u>	<u>26,959</u>

As at 31 March 2008

	Trade receivables					Total
	Sterling	Dollar	Euro	Yen	Other currencies	
	£m	£m	£m	£m	£m	£m
Matched principal trade receivables	2,360	25,267	5,032	2	664	33,325
Deposits paid for securities borrowed	-	771	-	-	-	771
Other trade receivables	43	100	21	-	1	165
	<u>2,403</u>	<u>26,138</u>	<u>5,053</u>	<u>2</u>	<u>665</u>	<u>34,261</u>

The interest rate profile of the Group's financial assets together with discussion of risk management are included in note 22.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

18. TRADE AND OTHER PAYABLES

	As at 31/3/2009 £m	As at 31/3/2008 £m
Current payables		
Matched principal trade payables	25,884	33,311
Deposits paid for securities borrowed	865	757
Other trade payables	6	4
Amounts owed to affiliates (note 26)	1,180	362
Amounts owed to associates	2	2
Accruals	279	235
Other tax and social security	15	16
Other payables	55	40
	<u>28,286</u>	<u>34,727</u>
Non-current payables		
Accruals	4	4
Other payables	2	-
	<u>6</u>	<u>4</u>

19. DEFERRED TAX ASSET

The movement in the deferred tax balance is as follows:

	As at 31/3/2009 £m	As at 31/3/2008 £m
As at 1 April 2008	(58)	(48)
Amounts charged to the income statement	(14)	11
Amounts recognised on the revaluation of available for sale investments	1	2
Amounts recognised on share based payments charged to equity	(4)	(1)
On acquisition of subsidiaries	(18)	(22)
Exchange adjustments	(35)	-
As at 31 March 2009	<u>(128)</u>	<u>(58)</u>

The net deferred tax balance is represented by:

Deferred tax assets	53	62
Deferred tax liabilities	(181)	(120)
	<u>(128)</u>	<u>(58)</u>

Deferred tax assets and liabilities comprise:

Accelerated capital allowances	7	5
Unrealised gains on available for sale investments	-	(1)
Other timing differences assets	16	57
Other timing differences liabilities	(23)	(26)
Intangible assets arising on consolidation	(128)	(93)
	<u>(128)</u>	<u>(58)</u>

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

20. BORROWINGS

Long-term borrowings

	As at 31/3/2009	As at 31/3/2008
	£m	£m
As at 1 April	-	-
Long-term borrowings	135	-
As at 31 March	135	-
Analysis of long term borrowings		
Amortising term loan	135	-

On 31 March 2009, ICAP plc novated its obligations in respect of a £135m amortising term loan to the Group. The loan matures on 31 January 2011, with repayments of £10m on 16 November 2009, 16 May 2010 and 16 November 2010. The loan is priced at LIBOR plus 3.0%, with a step-up to LIBOR plus 3.5% on 16 November 2010. The weighted average effective interest rate for the year was 6.0%. In the event that any one of ICAP plc's senior credit ratings fall below BBB-/Baa3 the margin increases by 2% to LIBOR plus 5% and 5.5% on 16 November 2010.

Short-term borrowings and overdrafts

	As at 31/3/2009	As at 31/3/2008
	£m	£m
Bank overdrafts	14	20
Revolving credit facility – net of fees	275	88
As at 31 March	289	108

During the financial year ended 31 March 2008, the Group, through its subsidiary ICAP North America Inc, borrowed \$328m under the term loan tranche of Intercapital Ltd's £350m credit facility. On 7 March 2008, this facility was refinanced using the proceeds of a new three year unsecured revolving credit facility of which £473m was available to ICAP plc and its subsidiaries for general corporate purposes, including the financing of acquisitions, and the remaining \$94m to meet margin calls. \$175m of this facility was initially borrowed by ICAP North America Inc, but was repaid in February 2008, after which all of the drawings under the facility were at ICAP plc, until 31 March 2009 when ICAP plc novated its obligations in respect of the facility to the Group.

The short-term revolving credit facility as at 31 March 2009 of £275m (2008 – £327m) is net of capitalised fees of £2m (2008 – £1m). To take advantage of lower short-term interest rates, the amounts drawn as at 31 March 2009 were for a one-week period and have been included within short-term borrowings. The facility carries a floating interest rate of LIBOR plus 0.45% with an additional 0.10% payable dependent on the debt to earnings ratio. The weighted average effective interest rate for the year was 3.5% (2008 – 6.1%). The facility expires on 6 March 2011.

On 31 March 2009, ICAP plc novated its obligation in respect of a £75m unsecured revolving credit facility to the Group. The facility, which is committed, is available for general corporate purposes, including the financing of acquisitions, and carries a floating interest rate of LIBOR plus 2.25%. The facility remained undrawn throughout the period and will expire on 30 June 2010.

Bank overdrafts are for short-term funding and are repayable on demand, and are generally repaid within a very short time period.

The Group's bank facilities contain a number of customary financial and operational covenants. The Group remained in compliance with the terms of these covenants throughout the year ended 31 March 2009.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

BORROWINGS (CONTINUED)

The fair value of the short-term borrowings is not materially different from their book values.

Maturity of undrawn committed borrowing facilities

	As at 31/3/2009	As at 31/3/2008
	£m	£m
Between one and two years	336	-
As at 31 March	336	-

The interest rate, currency and maturity profiles of borrowings together with discussion on risk management are included in note 22.

Under the terms of the Group's bank financings, ICAP plc is required to remain as the ultimate holding company in the Group. A change in ownership of the ICAP plc could result in the Group's three-year unsecured revolving credit facility, amortising term loan and £75m unsecured revolving credit facility becoming repayable.

21. PROVISIONS

	Property £m	Holiday pay £m	Other £m	Total £m
As at 1 April 2008	2	2	6	10
Amounts charged against provisions	(1)	-	-	(1)
Recognised in the income statement	-	-	1	1
Released to the income statement	-	-	(1)	(1)
As at 31 March 2009	1	2	6	9

	Property £m	Holiday pay £m	Other £m	Total £m
As at 1 April 2007	2	2	5	9
Amounts charged against provisions	(1)	-	-	(1)
Unwinding of discount	1	-	-	1
Recognised in the income statement	-	-	2	2
Released to the income statement	-	-	(1)	(1)
As at 31 March 2008	2	2	6	10

All provisions are current liabilities as at 31 March 2009. As at 31 March 2008, £1m is non-current liabilities.

The property provision at 31 March 2009 relates to surplus property in London that is expected to be fully utilised within the current year.

The holiday pay provision represents the value of employees' unused holiday entitlement at the balance sheet date.

Other provisions include obligations for certain employee related costs, legal provisions and pension arrangements in the Group which are expected to be discharged over the next year.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

22. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group activities expose it to a variety of financial risks, including liquidity, interest rate, currency market price and credit risk. The overall financial risk management framework, strategy and policies applied by the Group are determined by the board of its ultimate parent company, ICAP plc which monitors financial risk through the ICAP Group Risk and Finance Committees, in which the directors of the Company participate. Further monitoring of financial risks facing the Group take place through regional and market risk committees. The directors of IGHL are satisfied that the ICAP plc risk framework is appropriate for the Group. Please refer to the ICAP plc accounts which are available on the ICAP plc website www.icap.com, for further details.

Financial assets and liabilities

The carrying value less impairment of trade receivables and payables are assumed to approximate to their fair values due to their short-term nature.

As at 31 March 2009 the fair values of financial assets are not materially different from their book values.

Classification of financial assets as at 31 March 2009:

	Designated as fair value	Available- for-sale	Loans and receivables	Total
	£m	£m	£m	£m
Financial assets				
Cash and cash equivalents	-	-	308	308
Available-for-sale investments	-	18	-	18
Matched principal trade receivables	-	-	25,890	25,890
Deposits paid for securities borrowed	-	-	879	879
Other trade receivables (net)	-	-	187	187
Held at fair value through the income statement	5	-	-	5
Amounts owed by affiliates	-	-	1,178	1,178
Amounts owed by associates	-	-	2	2
Other receivables	-	-	79	79
	<u>5</u>	<u>18</u>	<u>28,523</u>	<u>28,546</u>

Classification of financial assets as at 31 March 2008:

	Designated as fair value	Available- for-sale	Loans and receivables	Total
	£m	£m	£m	£m
Financial assets				
Cash and cash equivalents	-	-	300	300
Available-for-sale investments	-	21	-	21
Matched principal trade receivables	-	-	33,325	33,325
Deposits paid for securities borrowed	-	-	771	771
Other trade receivables (net)	-	-	164	164
Held at fair value through the income statement	4	-	-	4
Amounts owed by affiliates	-	-	160	160
Amounts owed by associates	-	-	1	1
Other receivables	-	-	55	55
	<u>4</u>	<u>21</u>	<u>34,776</u>	<u>34,801</u>

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Notes to the consolidated financial statements for the year ended 31 March 2009

FINANCIAL RISK MANAGEMENT (CONTINUED)

The financial assets can be reconciled to the balance sheet as follows:

	As at 31/3/2009 £m	As at 31/3/2008 £m
Trade and other receivables:		
Current receivables	28,301	34,539
Non-current receivables	2	2
Available-for-sale investments	18	21
Cash and cash equivalents	308	300
Excluded:		
Non-financial other receivables	(9)	(12)
Prepayments	(74)	(49)
	<u>28,546</u>	<u>34,801</u>

Prepayments and certain items included within other receivables are not defined as financial assets under IAS39.

Classification of financial liabilities as at 31 March 2009:

	Amortised cost £m
Financial liabilities	
Matched principal trade payables	25,884
Deposits paid for securities borrowed	865
Other trade payables	6
Amounts owed to affiliates	1,180
Amounts owed to associates	2
Other payables	52
Accruals	279
Borrowings and overdraft	424
Provisions	3
	<u>28,695</u>

Classification of financial liabilities as at 31 March 2008:

	Amortised cost £m
Financial liabilities	
Matched principal trade payables	33,311
Deposits paid for securities borrowed	757
Other trade payables	4
Amounts owed to affiliates	362
Amounts owed to associates	2
Other payables	32
Accruals	234
Borrowings and overdraft	108
Provisions	4
	<u>34,814</u>

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

FINANCIAL RISK MANAGEMENT (CONTINUED)

The financial liabilities can be reconciled to the balance sheet as follows:

	As at 31/3/2009 £m	As at 31/3/2008 £m
Trade and other payables:		
Trade and other payables	28,286	34,727
Non-current trade and other payables	6	5
Borrowings and overdrafts (note 20)	424	108
Provisions (note 21)	9	10
Excluded:		
Non-financial provisions	(6)	(6)
Other tax and social security	(14)	(17)
Deferred income	(10)	(13)
	<u>28,695</u>	<u>34,814</u>

Taxes payable, deferred income and certain provisions are not classified as financial liabilities under IAS39.

As at 31 March 2009 the fair values of financial liabilities, with the exception of long-term borrowings, are not materially different from their book values.

(a) Market risk

Currency risk

The Group presents its consolidated financial statements in sterling and conducts business in a number of other currencies, principally the US dollar and euro. Consequently the Group is exposed to foreign exchange risk due to exchange rate movements, which affect the Group's transactional revenues and the translation of earnings and net assets of its non-sterling operations.

Transactional exposures

Transactional exposure arises from administrative and other expenses and remittance of funds in currencies other than the Group's presentation currency (Sterling), principally United States dollars and euros. Whilst it is the ICAP plc Group policy to hedge such foreign exchange exposures using derivative financial instruments within the total ICAP plc group, the IGHL Group remains exposed to these risks.

It is estimated that a 10 cent increase in the exchange rates of the United States dollar and the Euro would have an unfavourable impact of £43m and £1m respectively on the income statement and equity of the IGHL Group.

Balance sheet translational exposures

The Group is exposed to balance sheet translational exposures at the local entity level where the local balance sheet may contain monetary assets or liabilities denominated in a currency other than the entity's functional currency. It is the Group's policy to hedge up to 100% of these exposures in individual entities using a mix of foreign currency swaps and forward FX contracts and these are designated as fair value hedges under IAS39 where appropriate.

Balance sheet translational exposures also arise on consolidation on the retranslation of the balance sheet of non-sterling operations into sterling, the Group's presentational currency. The only significant exposure is to the dollar. These exposures are viewed as short term in nature and hedging could expose the Group to significant net cash flows and therefore the Group's policy is not to actively hedge these exposures. As at 31 March 2009 this exposure was \$0.8bn (2008 – \$1.3bn) including intangible assets arising on consolidation.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

FINANCIAL RISK MANAGEMENT (CONTINUED)

During the year ended 31 March 2009, with respect to sterling, the dollar appreciated by 28% and the euro appreciated by 11%. In accordance with IAS21 "The Effects of Changes in Foreign Exchange Rates", the resulting translational exchange difference is included within the £195m exchange gain taken directly to reserves, as disclosed in the consolidated statement of recognised income and expense.

Earnings translation exposures

The Group does not hedge the translation of those profits or losses earned by its non-sterling operations.

The principal exchange rates which affect the Group, expressed in currency per £, are show below:

	Closing rate as at 31 March 2009	Closing rate as at 31 March 2008	Average rate year ended 31 March 2009	Average rate year ended 31 March 2008
Dollar	1.43	1.99	1.72	2.01
Euro	1.08	1.25	1.21	1.42
Yen	141.6	197.8	174.7	228.9

Interest rate risk

The Group has an exposure to fluctuations in interest rates on both its cash positions and borrowings which it manages through a combination of sterling and dollar debt drawn on fixed and floating rate terms. The Group's objective is to minimise interest cost and the impact of interest volatility on the Group's income statement. In addition to debt, ICAP plc's treasury policies permit the Group the use of derivatives including interest rate swaps, interest rate options, forward rate agreements and cross currency swaps, to meet these objectives.

A 100 basis-point parallel movement in sterling LIBOR and LIBID rates would impact profit after tax and equity by £3m with a similar movement in dollar rates impacting profit after tax and equity by £2m. In the even that LIBOR and LIBID rates diverge, each 100 basis-point movement in sterling and dollar rates will impact profit after tax and equity by £2m and £2m respectively.

As at 31 March 2009 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months.

The Group's interest rate profile as at 31 March 2009 was as follows:

	Non-interest bearing £m	Fixed £m	Variable £m	Total £m
Assets				
Trade and other receivables	28,220	-	-	28,220
Available-for-sale investments	13	5	-	18
Cash and cash equivalents	-	-	308	308
	<u>28,233</u>	<u>5</u>	<u>308</u>	<u>28,546</u>
Liabilities				
Borrowings and overdrafts	-	-	424	424
Other financial liabilities	28,271	-	-	28,271
	<u>28,271</u>	<u>-</u>	<u>424</u>	<u>28,695</u>

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's interest rate profile as at 31 March 2008 was as follows:

	Non-interest bearing £m	Fixed £m	Variable £m	Total £m
Assets				
Trade and other receivables	34,480	-	-	34,480
Available-for-sale investments	10	11	-	21
Cash and cash equivalents	-	-	300	300
	<u>34,490</u>	<u>11</u>	<u>300</u>	<u>34,801</u>
Liabilities				
Borrowings and overdrafts	-	-	108	108
Other financial liabilities	34,706	-	-	34,706
	<u>34,706</u>	<u>-</u>	<u>108</u>	<u>34,814</u>

Fixed interest rate financial assets comprise investments in certificates of deposit, treasury bills and corporate bonds and had an effective interest rate of 4% for the year ended 31 March 2009 (2008 – 3%) for a weighted average period of one year.

Floating rate financial assets bear interest based on relevant national LIBID or equivalents with maturity of less than one year.

The details of the interest rate bearing financial liabilities are disclosed in note 18.

Market price risk

The Group's exposure to market price risk mainly arises through counterparties to matched principal and exchange traded transactions failing to fulfil their obligations or through trade mismatches and other errors. The Group is also exposed to market price risk in respect of its available-for-sale investments.

In matched principal transactions, the Group acts as an intermediary by serving as counterparty for identified buyers and sellers in matching, in whole or in part, reciprocal back-to-back trades. In order to facilitate customer transactions and provide liquidity, however, the Group may participate in certain marketplaces by posting quotations. On occasion, the act of posting quotations in pursuit of customer orders can result in the Group becoming principal to unmatched trades.

In exchange traded transactions, the Group executes the trade as principal and then novates the contract to its client. A failure by the client to accept the trade would result in the Group becoming exposed to market price risk.

The risk the Group faces in these situations is restricted to short-term price movements in the underlying instrument temporarily held by the Group and movements in FX rates. Any such market price risk arising is identified, monitored and reported to senior management on a daily basis and to the group risk committee. Policies and procedures are in place to reduce the likelihood of such trade mismatches and, in the event that they arise, the Group's policy is to liquidate or hedge and liquidate these principal positions as soon as reasonably practicable.

The Group has limited exposure to market price risk on its available-for-sale financial assets as the majority of the Group's equity investments are not listed. The Group estimates that its sensitivity to movements in market price is immaterial.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

The Group is exposed to credit risk in the event of non-performance by counterparties in respect of its agency and matched principal operations.

The risk in respect of the agency business is limited to the collection of agency commission and is controlled by the establishment and monitoring of credit limited for individual clients. The exposure to credit loss is limited to the carrying value of the receivable. Concentration is limited since the customer base is both large and unrelated. No significant concentrations of risk existed at any time during the year.

The matched principal business involves the Group acting as a counterparty on trades which may involve one or more financial instruments and/or counterparties. The Group manages its credit risk in respect of these transactions by having policies and procedures in place to ensure that the risks inherent in all trades are matched and that appropriate credit limits have been set and are monitored at entity, parent and country level to restrict the exposure to potential loss.

Trade receivables (matched principal trade debtors and other trade debtors) consist of a large number of customers. The Group does not have any significant credit risk exposure to any single counterparty. The Group counterparty risk did not exceed 15% of the ICAP plc's capital at any time.

At least 90% of the Group counterparty risk is with institutions which have an external credit rating of investment grade or better (BBB). The remaining counterparties are closely monitored and have strict trading limits.

The Group's maximum exposure is limited to the financial assets of the Group (£34,798m) plus the amounts guaranteed by the Group in the normal course of trading (£122m).

(c) Liquidity risk

Members of the board of the Company participate in ICAP plc's finance committee which regularly reviews the liquidity demands of the Group with the objective of ensuring that each has access to appropriate forms of liquidity to meet their forecast regulatory, commercial and settlement requirements and that the Group in totality has sufficient headroom to provide constant access, even in periods of market turmoil, to an appropriate level of cash, other forms of marketable securities and committed funding lines to enable it to finance its ongoing operations, proposed acquisitions and other reasonable unanticipated events on cost-effective and attractive terms.

At 31 March 2009, the Group had gross debt of £424m (2008 – £108m) and cash and cash equivalents of £308m (2008 – £300m). Approximately £250m of the Group's cash balance is employed by the Group's trading subsidiaries to meet local regulatory, commercial, settlement and short-term working capital requirements.

The Group invests its cash balances in a range of capital protected instruments including money market deposits, AAA liquidity funds and government bonds with the objective of optimising the return, while having regard to security, liquidity and counterparty risk. With the exception of small, local cash management balances, surplus cash is invested with strong investment grade institutions which have an equivalent credit rating of A or better. Counterparty limits applied are reviewed by the finance and group risk committees and during the recent financial market turmoil a number of changes have been made to reduce exposure to institutions perceived by the Group as higher risk.

Although the Group does not undertake proprietary trading, it is subject to the margin requirements of the clearing houses or exchanges used to settle certain client trades. The most significant margin requirements arise in North America where, as part of its brokerage business, it provides clearing services to clients and is required to deposit margin with the FICC and NSCC. During the last three quarters of 2008, these deposits averaged \$54m peaking at \$156m in September when Lehman Brothers failed, but as a result of management's actions to increase the number of trades capable of being netted, have fallen to \$38m in the first quarter of 2009. The deposits are met through a combination of internal cash resources and the \$94m swingline facility (note 20). The Group has no other material margin requirements on a routine basis.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

FINANCIAL RISK MANAGEMENT (CONTINUED)

To provide protection against unexpected events, ICAP has traditionally maintained minimum core liquidity, in the form of cash and undrawn debt facilities, of £75m and, while the Group has never accessed this liquidity pool, the combination of more volatile markets, increased uncertainty surrounding the impact of volatility on clearers' margin requirements and tightening liquidity supply, prompted ICAP to increase headroom to £150m in May 2008 through the addition of a £75m revolving credit facility (note 20). The headroom remained undrawn throughout the year. At 31 March 2009, the Group had committed headroom under its core credit facilities of £336m (2008 – £192m).

The Group is currently financed from a mix of bank facilities, loans from affiliates and equity. Over time, the Group plans to diversify its sources of finance into the public and private debt markets.

Maturity of financial liabilities as at 31 March 2009

	On demand £m	Less than 3 months £m	3 months to 1 year £m	More than 1 year £m	Total £m
Trade and other payables	26,749	-	-	6	26,755
Other financial liabilities	1,503	-	1	9	1,513
Borrowings and overdraft	291	-	-	135	426
Provisions	1	-	3	-	4
	<u>28,544</u>	<u>-</u>	<u>4</u>	<u>150</u>	<u>28,698</u>

Maturity of financial liabilities as at 31 March 2008

	On demand £m	Less than 3 months £m	3 months to 1 year £m	More than 1 year £m	Total £m
Trade and other payables	34,067	-	-	5	34,072
Other financial liabilities	617	-	-	14	631
Borrowings and overdraft	108	-	-	-	108
Provisions	1	-	1	1	3
	<u>34,793</u>	<u>-</u>	<u>1</u>	<u>20</u>	<u>34,814</u>

The total financial liabilities is higher than the amount recognised in trade and other payables as the gross amounts have been disclosed, rather than the net present value used in determining trade and other payables.

(d) Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction. The fair values of financial instruments are determined as per the Group accounting policies above.

As at 31 March 2009 there were no assets or liabilities whose carrying value was not a reasonable approximation of its fair value, due to their short term nature.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Capital management

The Group acts as an interdealer broker in international markets and its parent, ICAP plc, is subject to consolidated supervision by the FSA under the terms of the EU CRD. In March 2007, ICAP plc obtained a waiver from the consolidated capital adequacy tests which otherwise would have had the effect of removing intangible assets arising on consolidation from the computation of capital resources. The waiver runs for five years to the end of March 2012.

The Group does not operate any proprietary trading activities and, as such, its capital demands when compared to other financial institutions are both relatively low and stable. While higher levels of market volatility have resulted in increased demand for the Group's brokerage and post-trade services, the fact that much of this incremental business has occurred in markets which operate on a name give-up basis or are cleared through a central counterparty has had limited impact on the Group's capital resource requirement and, as such, absent a material acquisition or change in the basis of computation, existing capital resources are viewed as sufficient to both operate and grow the business.

The Group manages its capital to ensure that entities in the Group meet their local regulatory requirements, while maximising return through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt which includes borrowings (note 20), cash and cash equivalents and equity. At 31 March 2009, the Group's net debt was £116m (2008 – net cash £192m).

A number of the Group's trading companies are subject to regulation in the jurisdiction in which they operate, principally by the FSA in the UK and the SEC/FINRA in the US. All such companies have complied with their regulatory capital requirements throughout the year.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

23. STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium account £m	Merger Reserve £m	Retained earnings £m	Minority interests £m	Total £m
As at 1 April 2007	200	4,013	(4,073)	643	3	786
Total recognised income for the year	-	-	-	182	11	193
Dividends paid in the year (note 24)	-	-	-	(116)	(12)	(128)
Share based payments	-	-	-	6	-	6
As at 31 March 2008	200	4,013	(4,073)	715	2	857
Total recognised income for the year	-	-	-	437	9	446
Dividends paid in the year (note 24)	-	-	-	(609)	(11)	(620)
Share based payments	-	-	-	8	-	8
Cancellation of share premium	-	(4,013)	4,013	-	-	-
Other movements	-	-	324	-	-	324
As at 31 March 2009	200	-	264	551	-	1,015

ICAP Group Holdings Limited was incorporated on 10 September 2008 as a subsidiary of ICAP Plc, and through a share for share exchange acquired ICAP America Investments Limited, ICAP Securities Limited, ICAP Holdings Limited and ICAP Holdings (Asia Pacific) Limited on 22 December 2008 from ICAP plc for a consideration of £4.2billion which was satisfied through the issuance of 200 million ordinary £1 shares at a premium of £20.065. On 18 February 2009, the High Court approved the cancellation of the share premium account, and this was filed with Companies House on the 19 February 2009. This resulted in the Company's distributable reserves increasing by £4 billion.

The Group has adopted predecessor accounting principles as it was formed as part of a group reconstruction, therefore the share capital and share premium account are treated as if they had always existed. The merger reserve arises from the difference between the fair value of the shares issued and the book values of the subsidiaries acquired.

Other movements represent a contribution of share capital by ICAP plc to certain of its former subsidiaries, prior to the reorganisation. On 22 December these subsidiaries were acquired by the Company resulting in a credit of £324m being recognised against merger reserves.

24. DIVIDENDS

	Year ended 31/3/2009 £m	Year ended 31/3/2008 £m
Amounts recognised as distributions to equity holders in the year:		
First interim dividend of 14.25p per ordinary £1share	29	-
Second interim dividend of 1.25p per ordinary £1share	2	-
Third interim dividend of £2.50 per ordinary £1share	500	-
	<u>531</u>	<u>-</u>

Dividends of £89m have been paid to the former owners of IGHL's subsidiaries (2008: £116m). This includes £11m paid to previous minority interests (2008: £12m).

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

25. CONTINGENT LIABILITIES

- a) The highly regulated nature of the Group's business means that from time to time the Group is subject to regulatory enquiries and investigations, particularly in the US. The Group is currently involved in a number of these. Some of these regulatory enquiries and investigations are broad and tend to be interdealer industry wide in nature.

In February 2006, in the US, the SEC issued a formal order of investigation to ICAP Securities USA LLC, a wholly-owned subsidiary of the Group, and other interdealer brokers in government and other fixed income securities. In addition, the SEC has issued several requests for information relating to ICAP Securities USA LLC's voice mortgage-backed securities desk. The mortgage aspect of the investigation has been in progress since April 2008. ICAP Securities USA LLC continues to co-operate with the enquiry.

Although ICAP Securities USA LLC has not received notice of an intention by the SEC to bring any charges against ICAP Securities USA LLC or its executives, the potential range of penalties generally available to the SEC include, among other things, financial penalties, disgorgement, fines, actions against individuals, and injunctive and other remedial relief. Such matters are inherently subject to many uncertainties and the Group cannot predict their outcomes. However, there are no issues which are currently expected to have a material adverse financial impact on the Group's results or net assets.

- b) From time to time the Group is engaged in litigation in relation to a variety of matters. It is not possible to quantify the extent of any potential liabilities, but there are none currently expected to have a material adverse impact on the Group's consolidated results or net assets.
- c) In the normal course of business, certain Group companies enter into guarantees and indemnities to cover trading arrangements and/or the use of third party services or software.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

26. RELATED PARTY TRANSACTIONS

Parent company

The Group's immediate and ultimate parent is ICAP plc, which heads the largest group of companies of which the company is a member that prepares consolidated financial statements. Copies of the consolidated financial statements of ICAP plc can be obtained from the Company Secretary, ICAP plc, 2 Broadgate, London, EC2M 7UR. The Company heads the smallest group of companies which produce consolidated financial statements.

Related party transactions – subsidiaries of ICAP plc

During the year ended 31 March 2009, the Group entered into transactions with related parties who are fellow subsidiary companies of ICAP plc:

	Interest Income/ (charges) £m	Costs of management services received £m
Parent company	(1,615)	-
Affiliate companies	993	(3,298)
	<u>(662)</u>	<u>(3,298)</u>

During the year ended 31 March 2008, the Group entered into transactions with related parties who are fellow subsidiary companies of ICAP plc:

	Interest Income £m	Income from management services provide £m
Parent company	144	-
Affiliate companies	430	24,689
	<u>574</u>	<u>24,689</u>

The Group had the following outstanding balances owed to related parties who are members of the ICAP plc group:

	As at 31/3/2009 £m	As at 31/3/2008 £m
Parent company	614	113
Affiliate companies	(616)	5
	<u>(2)</u>	<u>118</u>

All group companies are party to a netting agreement. All balances are unsecured,

Remuneration of key management personnel

There are no key management personnel other than the directors of the company. The directors of the Company received no remuneration for their services to the Company.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

RELATED PARTY TRANSACTIONS (CONTINUED)

Related party transactions - other

(a) IPGL

IPGL is a company controlled by Michael Spencer, the Group Chief Executive Officer of ICAP plc, IGHL's parent company. A number of transactions take place between IPGL and its subsidiaries and the Group and these are detailed below.

IPGL

During the year, IPGL recharged the Group £263,200 (2008 – £347,504) for the net amount of transactions between the two parties. This amount includes £86,220 (2008 – £85,355) paid by IPGL in respect of certain employees of the Group who provided services to IPGL and its subsidiary companies. All transactions are carried out on an arms length basis. As at 31 March 2009, the Group owes IPGL £209,693 (2008 – £316,292).

Exotix Holdings Limited

As part of the disposal of Exotix Holdings Limited to IPGL in 2007, the Group loaned employees of Exotix Limited (a subsidiary of Exotix Holdings Ltd) £1,484,995 to enable them to purchase a shareholding. Interest of £118,018 has been charged on these loans at a fair market rate during the year. As at 31 March 2009 £825,410 (2008 - £894,417) is still outstanding. The Group also invoiced for revenue of £489,070 (2008 – £535,000) and collected cash of £650,000 (2008 - £4,232,532) on behalf of the company. The Group recharged the company £95,408 (2008 - £239,592) as compensation for overheads and IT support provided during the year. As at 31 March 2009 there was a balance due to the company from the Group of £1,432,622 (2008 – £6,745,291).

City Index Limited

In June 2008 the Group agreed to provide FXSolutions, a subsidiary company of City Index Limited, with FX data from its EBS platform for \$2m per annum. During the year the Group has charged FXSolutions \$1m (£580,113) for the provision of data. As at 31 March 2009 the balance of £580,113 is outstanding.

(b) Hartfield, Titus & Donnelly LLC

The Group supplies and maintains electronic broking software on behalf of Hartfield, Titus & Donnelly LLC, a joint venture of the Group. During the year ended 31 March 2009, the Group charged £278,455 (2008 – £255,616) and the balance due from Hartfield, Titus & Donnelly LLC as at the year end was £82,816 (2008 – £37,036).

(c) TFS-ICAP Limited, TFS-ICAP LLC

The Group invoices and collects revenue on behalf of TFS-ICAP Limited and TFS-ICAP LLC, joint ventures of the Group or other affiliates of ICAP plc. During the year, the Group invoiced and collected £2,091,297 (2008 – £2,914,221) for which it did not receive a fee.

During the year the Group recharged £208,463 (2008 – £376,109) to TFS-ICAP Limited as compensation for overheads and IT support costs and £57,083 (2008 – £58,322) to TFS-ICAP LLC.

As at 31 March 2009 the outstanding balance was £1,026,487 (2008 – £167,645).

(d) TriOptima UK Limited

The Group provides TriOptima UK Limited, a subsidiary of TriOptima AB, an associate company of an ICAP plc affiliate, with management services which include accounting, legal and personnel services. During the year, the Group charged TriOptima UK Limited £102,536 (2008 – £77,501) for these services. As at 31 March 2009 the outstanding balance was £18,261 (2008 – £12,320).

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

RELATED PARTY TRANSACTIONS (CONTINUED)

(e) BSN Capital Partners Limited

The Group provides BSN Capital Partners Limited (BSN), an associate company of an ICAP plc affiliate, with office space and other facilities. During the year, the Group charged BSN £137,702 (2008 – £64,462) for these services. The Group also has a preferred brokerage agreement with BSN and has recognised revenue of £5.1m (2008 - £3.7m) during the year. As at 31 March 2009 the outstanding balance was £5.1m (2008 – £3.7m).

(f) ICAP Shipping

ICAP Shipping (Hong Kong) Limited was a joint venture company based in China until December 2008 when the outstanding shares were acquired by the Group. Up to that date the Group recharged the company with salary costs of £124,704 (2008 – £25,039) and loaned the company £nil (2008 – £91,069) on which interest was not charged. During the period until December 2008, the Group collected fees of £nil (2008 – £144,329) on behalf of the company, and the company collected £304,376 (2008 – £122,431) on behalf of the Group.

Skaarup, a joint venture of the Group, was loaned \$150,000 (£75,472) in the prior year. On 1 January 2009 *Skaarup* became a subsidiary of the Group when the outstanding shares were acquired by the Group.

(g) ICAP-JLT Limited

ICAP-JLT Limited (ICAP-JLT) is a joint venture with Jardine Lloyd Thompson Group plc (JLT). William Nabarro, a non-executive director of ICAP plc and an executive director of JLT, is on the board of ICAP-JLT. During the year the Group invoiced and collected £20,169 on behalf of ICAP-JLT, for which it did not receive a fee. The Group also charged ICAP-JLT £195,123 for IT and facility costs during the year. As at 31 March 2009 ICAP-JLT owed the Group £177,610.

27. CLIENT MONEY

At 31 March 2009 the Group held client money of £20m (2008 - £15m). This amount, together with the corresponding liabilities to clients, is not included in the consolidated balance sheet.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

28. PENSION COSTS

The Group operates a defined benefit pension scheme in the US.

The scheme was closed to new entrants on 1 July 1996 and no benefits have accrued to the members of the scheme in respect of their service after that date. The scheme provides for pension benefits but does not provide for post-employment medical benefits. For the purposes of determining the Group's pension cost, the scheme is valued on an annual basis by qualified independent actuaries. The most recent valuation was as at 1 January 2009 with an update as at 31 March 2009 and used the projected unit method. The Group expects to contribute £0.5m to its defined benefit pension scheme in the year ending 31 March 2010. Details of the scheme are provided below.

The actuarial assessment was based on the following principal assumptions:

	2009 %	2008 %
Rate of increase in pensionable salaries	nil	nil
Rate of increase in pensions in payment	nil	nil
Discount rate	5.8	5.8
Inflation assumption	3.0	4.0

The average life expectancy in years of an individual retiring at the age of 65 at the balance sheet date is as follows:

	As at 31 March 2009* Years	As at 31 March 2008 Years
Male	19.8	17.9
Female	19.8	21.3

The average life expectancy in years of an individual retiring 20 years after the balance sheet date at the age of 65 is 21.0 years (2008 – in accordance with the above table).

*Assumptions regarding mortality rates are calculated based on life expectancy tables and are no longer analysed by gender, which reflects US statutory requirements.

The market value of the pension assets and liabilities of the scheme and the expected rate of return are as follows:

	Long-term rate of return expected 31 March 2009 %	Value as at 31 March 2009 £m	Long-term rate of return expected 31 March 2008 %	Value as at 31 March 2008 £m
Equities	8.5	1	8.5	1
Bonds	6.0	6	6.0	4
Cash and other assets	1.0	1	3.8	1
Total market value of assets		8		6
Present value of scheme liabilities		(10)		(7)
Deficit in the scheme		(2)		(1)

The expected return on the scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected returns on equities are based on long-term rates previously experienced while yields on bonds are based on gross redemption yields at the balance sheet date.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

No sensitivity analysis has been included for any changes to the assumptions used in calculating the scheme liabilities, as such changes would not have a material impact.

The changes in the present value of defined benefit obligations are as follows:

	As at 31 March 2009 £m	As at 31 March 2008 £m
As at 1 April	(7)	(7)
Interest costs	(1)	-
Benefits paid	1	-
Exchange differences	(3)	-
As at 31 March	(10)	(7)

The changes in the fair value of plan assets are as follows:

	As at 31 March 2009 £m	As at 31 March 2008 £m
As at 1 April	6	6
Expected return on plan assets	1	-
Contributions by employer	1	1
Actuarial losses	(1)	-
Benefits paid	(1)	-
Exchange differences	2	(1)
As at 31 March	8	6

The amounts recognised in the income statement within finance income and finance costs are as follows:

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Expected return on the plan assets	1	-
Interest on plan liabilities	(1)	-
Net return	-	-

The actuarial gains and losses recognised in the statement of recognised income and expense are as follows:

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Actual return less expected return of the plan assets	(1)	-
Experience gains and losses arising on the plan liabilities	-	-
Changes in assumptions underlying the present value of the plan	-	-
Actuarial losses recognised in the statement of recognised income and expense	(1)	-

All actuarial gains and losses are recognised immediately and there are no unrecognised gains or losses.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

PENSION COSTS (CONTINUED)

The history of the plan is as follows:

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m	Year ended 31 March 2007 £m	Year ended 31 March 2006 £m	Year ended 31 March 2005 £m
Present value of the defined benefit obligations	(10)	(7)	(7)	(8)	(8)
Fair value of the plan assets	8	6	6	6	5
Deficit	(2)	(1)	(1)	(2)	(3)
Experience adjustments on the plan liabilities	–	–	–	–	(1)
Experience adjustments on the plan assets	(1)	–	–	–	–

In accordance with the transitional provisions for the amendments to IAS19, the above disclosures are determined prospectively from 1 April 2004.

29. COMMITMENTS

Operating lease commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Year ended 31 March 2009 £m Property	Year ended 31 March 2008 £m Property
Within one year	17	11
Between one and five years	58	44
After five years	39	46
	<u>114</u>	<u>101</u>

No amounts were expected to be received under non-cancellable sub-leases as at 31 March 2009 (2008 – £1m).

30. JOINT VENTURES

The Group's joint ventures and their country of incorporation are listed below.

Country of incorporation		% held	Principal activity
UK	ICAP-JLT Ltd	50.0	Voice broking
United States	TFS-ICAP LLC	22.5	Voice broking
	Hartfield Titus and Donnelly	33.0	Voice broking

All joint ventures have a 31 December year end.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

JOINT VENTURES (CONTINUED)

Summary financial information for joint ventures

The Group's share of joint ventures assets, liabilities and profit is given below:

	As at 31 March 2009 £m	As at 31 March 2008 £m
Assets	3	2
Liabilities	(1)	(2)
Net assets	2	-
Goodwill and intangible assets arising on consolidation	-	1
Net investment in joint ventures	2	1

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Revenue	7	4
Operating expenses	(6)	(4)
Profit for the year	1	-

31. EMPLOYEE SHARE SCHEMES

Employees of the Group are offered various share option and long-term incentive plans over the ordinary shares of the parent company, ICAP plc. Full details of the schemes, and fair values of the options etc. are given in the Annual Report of ICAP plc.

The total charge to the income statement in respect of employee share options in the year was £8m (2008 – £6m).

The fair value of options granted during the year was £10m (2008 – £5m).

Options over ICAP plc shares are issued at market price on the date of grant in the UCSOP and UESOP schemes. Those in the SEEPP UK and BSMP have a nominal exercise price of a £1.00 for the basic award and £1.00 for the matching award. The SEEPP US options have an exercise price of \$0.445. Options granted under the SAYE are issued with a 20% discount on market price as permitted by HMRC, and those granted under the Traiana plan were granted at the equivalent price to the original Traiana option. The awards under the LTIP have no exercise price.

a) Unapproved Share Option Plan (UESOP)

The UESOP is not approved by HMRC and is open to all executives. The grants of options have a maximum overall grant of four times annual salary including bonuses. Options do not vest until the Group has achieved certain performance criteria (currently growth in adjusted basic EPS in excess of growth in the RPI by an average of 3% per annum over a three-year period).

UESOP options were outstanding over 435,029 (2008 – 1,708,060) ICAP plc ordinary shares at exercise prices ranging between 42.4p and 263.0p per share. Subject to the ICAP plc's performance during the vesting period, these options are exercisable between September 2002 and December 2014. No charge has been made to the income statement in the year (2008 – £0.1m) in respect of these options.

b) Savesave scheme (SAYE)

The Save-As-You-Earn (SAYE) scheme is approved by HMRC. The scheme enables directors and eligible employees to acquire options over ICAP plc ordinary shares at a discount of up to 20% of

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

EMPLOYEE SHARE SCHEMES (CONTINUED)

their market price using the proceeds of a related SAYE contract. All UK employees who have worked for the minimum qualifying period on an invitation date are eligible to join the scheme. Options granted under the SAYE scheme are not subject to performance conditions.

2005 SAYE

SAYE options were outstanding over 5,074 (2008 – 787,208) ICAP plc ordinary shares for the 2005 three-year grant at an exercise price of 224.0p per share. Subject to the participants remaining in the employment of ICAP plc and making 36 monthly contributions, these options will normally be exercisable between August 2008 and January 2009. A credit of £0.1m (2008 – charge £0.3m) was made to the income statement in respect of these options in the year as a result of options lapsing in the year. A small number of shares remain outstanding as a result of contribution holidays taken during the normal contribution period.

2006 SAYE

SAYE options were outstanding over 945,544 (2008 – 1,176,600) ICAP plc ordinary shares for 2006 three-year grant at an exercise price of 388.0p per share. Subject to the participants remaining in the employment of ICAP plc and making 36 monthly contributions, these options will normally be exercisable between August 2009 and January 2010. A charge of £0.5m (2008 – £0.7m) was made to the income statement in respect of these options in the year.

2007 SAYE

SAYE options were outstanding over 272,266 (2008 - 398,589) ICAP plc ordinary shares at an exercise price of 419.0p per share. Subject to the participants remaining in the employment of ICAP plc and making 36 monthly contributions, these options will normally be exercisable between August 2010 and January 2011. A charge of £0.2m (2008 - £0.1m) was made to the income statement in respect of these options in the year.

2008 SAYE

SAYE options were granted over 666,661 ICAP plc ordinary shares on 18 June 2008 at an exercise price of 488.0p per share. Subject to the participants remaining in the employment of ICAP plc and making 36 monthly contributions, these options will normally be exercisable between August 2011 and January 2012. A charge of £0.3m was made to the income statement in respect of these options in the year. As at 31 March 2009, options over 505,824 shares remained outstanding.

c) Senior Executive Equity Participation Plans (SEEPP)

The SEEPP is not approved by HMRC. The SEEPP is a long-term incentive plan where senior executives are invited to waive part of their potential cash bonus in return for rights over the number of shares that can be purchased with the foregone bonus at the market value of the ICAP plc's shares on the date of grant (a basic award). Participants may also be granted a provisional allocation over additional shares (a matching award). These shares are transferred to the executive on a sliding scale if they remain in ICAP plc's employment as follows: no shares for up to three years; 40% following completion of three years, but less than four years; and the remaining 60% on the fourth anniversary of the date of grant. No performance criteria are attached to these options.

UK SEEPP

SEEPP options were outstanding over 1,440,278 (2008 – 1,186,036) ICAP plc ordinary shares at an exercise price of a nominal sum of 100.0p (2008 – 100.0p). Subject to the participants remaining in the employment of ICAP plc during the vesting period, these options will normally be exercisable between December 2006 and May 2018. A charge of £0.7m (2008 – £0.5m) was made to the income statement in respect of the matching award in the year.

US SEEPP

SEEPP options were outstanding over 163,780 (2008 – 417,385) ICAP plc ordinary shares at an exercise price of 31.0p per share (2008 – 22.4p per share). All these options have vested and are exercisable before June 2009. All these options were granted before 7 November 2002 and therefore no charges have been made to the income statement in respect of these options.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

EMPLOYEE SHARE SCHEMES (CONTINUED)

d) Unapproved Company Share Option Plan (UCSOP)

The UCSOP is not approved by HMRC. Options may be granted to any eligible employee within ICAP plc. No option may be granted to any individual at any time if, as a result, the aggregate number of shares issued or issuable to the individual under the plan would exceed 1,250,000. Options vest in three equal instalments on the third, fourth and fifth anniversaries of the date of grant, provided that, on the date of vesting, adjusted basic EPS growth exceeds growth in RPI by an average of 3% per annum over the preceding three years.

UCSOP options were outstanding over 5,041,900 (2008 – 5,067,100) ICAP plc ordinary shares at exercise prices ranging between 100.3p and 611.0p per share. Subject to ICAP plc's performance during the vesting period, these options will normally be exercisable between May 2004 and June 2018. A charge of £0.6m (2008 – £0.7m) has been made to the income statement in the year in respect of options granted since 7 November 2002.

e) Bonus Share Matching Plan (BSMP)

The BSMP is not approved by HMRC. The BSMP is a long-term incentive plan where executive directors of ICAP plc are required to waive 50% of their potential cash bonus in return for rights over the number of shares that can be purchased with the foregone bonus at the market value of the ICAP plc's shares on the date of grant (a basic award). Participants are also granted a provisional allocation over an equal amount of additional shares (a matching award). These shares are transferred to the director if they remain in ICAP plc's employment for three years and ICAP plc meets certain performance criteria – currently growth in adjusted basic EPS in excess of growth in RPI by at least 9% over the three years from the date of grant. The performance criteria apply to all grants since 1 April 2004.

BSMP options were outstanding over 9,680,299 (2008 – 7,993,197) ICAP plc ordinary shares. These shares are exercisable between 28 May 2006 and a date five years from the date ICAP plc announces its results for the year ending 31 March 2011. A promise to deliver a further 867,930 (2008 – 923,430) ordinary shares has also been made by ICAP plc. A charge of £4.6m (2008 – £3.4m) has been made to the income statement in respect of these options in the year.

f) Traiana Plan

The Traiana plan was set up for the benefit of employees of Traiana who held options over Traiana shares prior to its acquisition by the Group in December 2007. The terms and conditions remain the same but the employees now hold options over ICAP plc shares in the ratio of 0.307 ICAP plc shares for each Traiana share option previously held. No further grants will be made under this scheme.

Share options vest over four years. After the first 12 months one quarter of the share options vest and thereafter the options vest on a monthly basis so long as the employee remains with ICAP plc. Options may be exercised up to ten years after the date of grant. A total of 699,198 options remain outstanding at 31 March 2009 (2008 – 1,058,366). A charge of £0.7m (2008 – £0.2m) has been made to the income statement in respect of these options in the year.

g) Long-Term Incentive Plan (LTIP)

The LTIP is not approved by HMRC. The LTIP is a long-term incentive plan where senior executives of the ICAP plc are invited to waive 25% of their cash bonus in return for an award of the number of shares that can be purchased with the foregone bonus at the market value of the ICAP plc shares on the date of grant (a basic award). Participants are also granted a provisional allocation over an amount of additional shares equal to 20% of the basic award (a matching award). The basic award shares are transferred to the employee in equal annual instalments over three years, with the matching award shares being transferred with the final basic award, so long as the employee remains in ICAP plc's employment.

LTIP awards were granted over 968,105 ordinary shares in the year. These awards vest between 29 May 2009 and 29 May 2011. A charge of £0.3m has been made to the income statement in respect of these options in the year. As at 31 March 2009 913,020 options remain outstanding.

ICAP GROUP HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2009

32. POST-BALANCE SHEET EVENTS

On 23 March 2009, the minority shareholder of Reset exercised its option to sell its 15% stake in the Reset business to the Group for a total consideration of up to \$43m, of which \$41m was paid in April 2009.

On 16 June 2009, the Group announced it was to acquire the transactions division of Ocean Tomo LLC, a patent brokerage company based in the US for a total consideration of \$10m, of which \$5m would be in ICAP plc ordinary shares.

A number of transactional hedges, previously held by an affiliate, Intercapital Limited, have been novated to the Company since the year end.

ICAP GROUP HOLDINGS LIMITED

Statement of directors' responsibilities in respect of the annual report and financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and group for that period.


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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS's as adopted by the European Union.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.
- The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are satisfied that the company has adequate resources to continue to operate for the foreseeable future and confirm that the company is a going concern.

By Order of the Board



Teri-Anne Cavanagh

29 June 2009

Secretary

ICAP GROUP HOLDINGS LIMITED

Independent Auditors' Report to the members of ICAP Group Holdings Limited

We have audited the financial statements of ICAP Group Holdings Limited (IGHL) for the period ended 31 March 2009 which comprise the Company Income Statement, the Company Statement of Recognised Income and Expenses, the Company Statement of Changes in Equity, the Company Balance Sheet, the Company Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of IGHL for the year ended 31 March 2009.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 495 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 2006. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

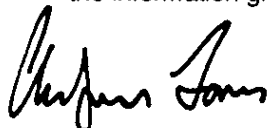
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2009 and of its profit and cash flows for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.



Christopher Jones

For and on behalf of PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors
London
29 June 2009

ICAP GROUP HOLDINGS LIMITED

Company Income Statement for the period ended 31 March 2009

	Note	Period ended 31/3/2009 £m
Income from investments in subsidiary companies		31
Finance costs	5	(2)
Profit before taxation		<u>29</u>
Taxation	6	1
Profit for the period		<u><u>30</u></u>

Company statement of recognised income and expenses for the period ended 31 March 2009

	Period ended 31/3/2009 £m
Profit for the period	30
Total recognised income and expense for the period	<u><u>30</u></u>

ICAP GROUP HOLDINGS LIMITED

Company Statement of Changes in Equity for the period ended 31 March 2009

	Note	Called up share capital £m	Share premium reserve £m	Retained earnings £m	Total £m
As at 10 September 2008		-	-	-	-
Shares issued to parent	11	200	4,013	-	4,213
Cancellation of share premium			(4,013)	4,013	-
Total recognised income for the period		-	-	30	30
Dividends paid	13	-	-	(531)	(531)
As at 31 March 2009		<u>200</u>	<u>-</u>	<u>3,512</u>	<u>3,712</u>

ICAP GROUP HOLDINGS LIMITED
Company Balance Sheet as at 31 March 2009

		As at 31/3/2009
	<u>Note</u>	£m
Non-current assets		
Investments in subsidiary companies	7	4,213
		<u>4,213</u>
Current assets		
Other receivables	8	701
Total assets		<u><u>4,914</u></u>
Current liabilities		
Other payables	9	(792)
Short-term borrowings (net of fees)	10	(275)
		<u>(1,067)</u>
Non-current liabilities		
Long-term borrowings	10	(135)
Total liabilities		<u>(1,202)</u>
Net assets		<u><u>3,712</u></u>
Equity		
Called up share capital	11	200
Share premium reserve		-
Retained earnings		3,512
Total equity		<u><u>3,712</u></u>

The financial statements on pages 61 to 72 were approved by the board of directors on 29 June 2009 and were signed on its behalf by:


I W Torrens
Director

ICAP GROUP HOLDINGS LIMITED

Company Cash Flow Statement for the period ended 31 March 2009

	Period ended 31/3/2009 £m
Cash flows from operating activities	
Profit before taxation	29
Adjustments for:	
Income from investments in subsidiary companies	(31)
Finance costs	2
	<hr/>
Operating cash flows before movements in working capital	-
Increase in other receivables	(701)
Increase in other payables	792
	<hr/>
Operating cash flows after movements in working capital	91
	<hr/>
Net cash used in operating activities	91
	<hr/>
Cash flows from financing activities	
Dividends paid	(531)
Dividends received	31
Net funds received from borrowing	409
	<hr/>
Net cash from financing activities	(91)
	<hr/>
Net movement in cash and cash equivalents	(91)
Net cash and cash equivalents at beginning of period	-
	<hr/>
Net cash and cash equivalents at end of period	-
	<hr/>

The payment/receipt of interest and dividends and the proceeds/repayments of loans to and from fellow subsidiary undertakings of ICAP plc is settled through the netting of related party balances except for as shown above in the cash flow statement. The cost of acquisitions was settled through the issue of equity. Similarly, tax is paid on behalf of the company by a fellow subsidiary undertaking of ICAP plc, and is settled through the netting of related party balances.

Therefore, in the absence of the use of cash and cash equivalents, the payment/receipt of interest, dividend payment/receipt, the acquisition of investments, the proceeds/repayment of loans and tax have been excluded from the cash flow statement.

ICAP GROUP HOLDINGS LIMITED

Notes to the company financial statements for the year ended 31 March 2009

1. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with IFRS adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and therefore comply with Article 4 of the EU International Accounting Standards (IAS) Regulation. The financial statements have also been prepared under the historical cost convention, as modified to include the fair value of certain financial instruments in accordance with IFRS.

The company makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities. As at 31 March 2009 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements, or a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

The Company's accounts have been prepared from the date of incorporation, 10 September 2008, to 31 March 2009. There are no comparative results.

b) Taxation

Tax on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior periods. Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current tax is the expected tax payable/receivable on the taxable income/expense for the year, using tax rates enacted, or substantially enacted by the balance sheet date.

c) Long-term borrowings

Long-term borrowings are initially recognised at fair value, being their issue proceeds net of transaction costs incurred. At subsequent reporting dates long-term borrowings are held at amortised cost using the effective interest rate method, with changes in value recognised through the income statement. Transaction costs are recognised in the income statement over the period of the borrowings using the effective interest rate method.

d) Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are taken to the income statement, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to reserves. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

e) Investments in subsidiary companies

Investments comprise equity shareholdings and other interests. These investments are recorded at historical cost less provision for any impairment in their values. Dividend income is recognised upon declaration and interest when receivable.

A subsidiary is an entity over which the company has control. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

ICAP GROUP HOLDINGS LIMITED

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

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

f) Impairment of investments

The Company reviews the carrying value of its subsidiaries on an annual basis. The recoverable amount of a subsidiary is determined based on value-in-use calculations. These calculations use cashflow projections which extend forward to a terminal value and which take account of the approved budget for the coming year. The Company applies a suitable discount factor to the future cash flows based on its weighted average cost of capital. Growth rates are conservatively applied and do not exceed the expected growth in the local economy after the fifth year. Where the carrying value of the asset exceeds its value-in-use, an impairment charge is immediately recognised in the income statement, and the investment is impaired to its value-in-use.

g) Impairment of loans and receivables

An impairment review of the recoverable amounts of loans and receivables is undertaken at each balance sheet date or when such events or changes in circumstances indicate that an impairment loss may have occurred.

h) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

i) Share capital and reserves

Ordinary shares are classified as equity. Dividends are recognised as deductions from retained earnings in the period in which they are declared.

j) Recent accounting developments

IFRIC14 IAS19 "The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction" was adopted by the Company during the period. There has been no impact on the results or net assets of the Company as a result of this adoption.

Amendments to IAS39 "Financial Instruments: Recognition and Measurement" and IFRS7 "Financial Instruments: Disclosures" permit the reclassification of certain non-derivative financial assets out of fair value through the income statement category in periods beginning after July 2008. These amendments will have no effect on the results and net assets of the Company.

As at the date of approval of these financial statements, the following Standards and Interpretations were in issue but not yet effective. The Company has not applied these Standards and Interpretations in the preparation of these financial statements:

IFRS8 "Operating Segments" applies to accounting periods beginning after 1 January 2009. This standard replaces IAS14 "Segment Reporting" and will not affect the results of the Company.

Amendments to IFRS2 "Share Based Payment" clarify the vesting and service conditions of certain employee share option schemes and apply to periods beginning after 1 January 2009. This amendment will not effect the results and net assets of the Company.

Amendments to IAS1 "Presentation of Financial Statements" apply to accounting periods beginning after 1 January 2009 and the Company will adopt these changes from the 1 April 2009. These amendments will not have any effect on the results and net assets of the Company, but may change the presentation of the results.

Amendments to IFRIC9 IAS39 "Financial Instruments: Recognition and Measurement", IFRS7 "Financial Instruments: Disclosures", IFRS3 "Business Combinations", and IAS27 "Consolidated and Separate Financial Statements" have not yet been endorsed by the EU. The impact on the Company's financial statements of the future adoption of the Standards is still under review.

ICAP GROUP HOLDINGS LIMITED

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

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

It is expected that the adoption of IFRS3 revised will alter the manner in which future acquisitions are recognised. For example all movements to contingent deferred consideration subsequent to initial recognition are required to be re-measured through the income statement, and costs incurred as part of the transaction are required to be expensed through the income statement. Previously both these amounts have been recognised on the balance sheet. IAS27 revised requires that all transactions with minorities are recognised in equity instead of movements in goodwill or within the income statement. The Company expects that this will not have an effect on the current results and net assets of the Company, but that prospectively it will depend on the nature of transactions undertaken by the Company.

A number of other interpretations and amendments to existing standards have been made by the IASB and IFRIC but are not considered relevant to the Company's operations.

2. FINANCIAL RISK MANAGEMENT

Financial risk factors

The company's activities expose it to a variety of financial risks, including liquidity, interest rate, currency and credit risk. The overall financial risk management framework, strategy and policies of the company are determined by the board of its ultimate parent company, ICAP plc. The directors of IGHL participate in the ICAP plc Risk and Financial Committees and are satisfied that the ICAP plc risk framework is appropriate for the IGHL Group. Please refer to the ICAP plc accounts which are available on ICAP plc's website www.icap.com, for further details.

Financial assets and liabilities

The Company's financial assets of £701m are all classified as loans and receivables. The Company's financial liabilities of £1,202m are all held at amortised cost. The fair value of these assets and liabilities is not materially different from their book values.

(i) Market risk

Currency risk

(i) Transactional exposures

The Company has an immaterial exposure to transactional exposure.

(ii) Balance sheet translational exposures

The Company is exposed to balance sheet translational exposures where the balance sheet contains assets or liabilities denominated in a currency other than sterling.

The Company has net assets of £56m denominated in US dollars. The Company estimates that a 10 cent movement in the dollar exchange rate would result in a translational impact of £1.7m on the profit after tax of the Company.

Interest rate risk

The Company has an exposure to fluctuations in interest rates on its borrowings and lendings, which it manages through a combination of sterling and dollar debt drawn on fixed and floating rate terms. The Company's objective is to minimise interest cost and the impact of interest volatility on the Company's income statement

At 31 March 2009, the Company had £412m of external floating rate debt denominated in sterling, and £30m of fixed rate debt denominated in US dollars.

At 31 March 2009, the Company has £83m of internal floating rate receivables and £25m of internal fixed rate receivables. Both of these amounts are denominated in US dollars.

The company estimates that a movement of 0.25% in interest rates would have impact on the company's income statement and equity by £1m.

All the company's other financial assets and liabilities are non-interest bearing. As at 31 March 2009 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months.

ICAP GROUP HOLDINGS LIMITED

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

FINANCIAL RISK MANAGEMENT(CONTINUED)

Market Price risk

The Company has no exposure to price risk since its investments on it holds no listed investments.

(ii) Credit risk

Credit risk arises from the potential that a counterparty is unable or unlikely to perform on an obligation resulting in a loss for the company. The Company is exposed to concentrations of credit risk in amounts due from Group and affiliate companies (note 9). The Group policy is to limit exposure by netting balances. All Group and affiliate companies are party to a netting agreement.

(iii) Liquidity risk

The group plans to use the Company as its central treasury vehicle and pursuant to this strategy novated its existing committed credit facilities from Icap plc to the Company on 31 march 2009 and in june 2009 obtained investment grade ratings from both Fitch Ratings Limited and Moody's Investor Services enabling the Company to diversify its sources of finance.

At 31 march 2009 the Company had access to £750 million of committed credit facilities of which £336 million were undrawn .

(iv) Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction. The fair values of financial instruments are determined as per the company's accounting policies. As at 31 March 2009 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value, due to their short term nature.

3. ADMINISTRATIVE EXPENSES

Administrative expenses, include the auditors' remuneration of £15,000.

The company had no employees during the year.

4. DIRECTORS' REMUNERATION

The directors received no remuneration in respect of their services as directors of the Company or any of its subsidiary companies.

5. FINANCE COSTS

	Period ended 31/3/2009 £m
Financing fees	(2)

ICAP GROUP HOLDINGS LIMITED

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

6. TAXATION

	Period ended 31/3/2009 £m
Current taxation	
UK corporation tax	
- Current tax credit for the period	1

The Company's tax credit for the year and statutory charge and can be reconciled as follows:

	Period ended 31/3/2009 £m
Profit before taxation	29
Corporation Tax in the UK of 28%	(8)
Adjustments not tax effected:	
Income from investments in subsidiaries	9
Total tax credit for the year	1

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	2009 £m
As at 10 September 2008	-
Additions	4,213
As at 31 March	4,213

On 22 December 2008, the Company issued 200m shares with a fair value of £4,213m to its parent company, ICAP plc, to acquire the investments detailed below. This was part of a group reconstruction project by ICAP plc.

At 31 March 2009, the company's directly owned subsidiary companies were as follows:

	Country of incorporation	Percentage held (%)
ICAP America Investments Limited	England	100
ICAP Securities Limited	England	100
ICAP Holding (Asia Pacific) Limited	England	100
ICAP Holdings Limited	England	100

ICAP GROUP HOLDINGS LIMITED

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

INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

Principal subsidiary companies (continued)

At 31 March 2009, the company's principal indirectly owned subsidiary companies were as follows:

	Country of incorporation	Percentage held (%)
ICAP Shipping (Hong Kong) Limited	China	75
ICAP Shipping (Denmark) ApS	Denmark	75
EBS Dealing Resources International Limited	England	100
Harlow (London) Limited	England	100
ICAP Electronic Broking Limited	England	100
ICAP Energy Limited	England	100
ICAP Europe Limited	England	100
ICAP Management Services Limited	England	100
ICAP Securities Limited	England	100
ICAP Shipping Derivatives Limited	England	75
ICAP Shipping Limited	England	75
ICAP Shipping Tanker Derivatives Limited	England	75
ICAP Shipping Tankers Limited	England	75
ICAP WCLK Limited	England	100
The Link Asset and Securities Company Limited	England	100
Traiana Limited	England	100
ICAP Shipping (Germany) GmbH	Germany	75
ICAP Shipping (Gibraltar) Limited	Gibraltar	75
Traiana Technologies Limited	Israel	100
EBS Dealing Resources Japan Limited	Japan	100
ICAP Energy AS	Norway	100
ICAP Shipping Singapore Pte Limited	Singapore	75
Reset Private Limited*	Singapore	85
EBS Dealing Resources Inc	United States	100
First Brokers Securities LLC	United States	100
GovPX Inc	United States	100
ICAP Securities USA LLC	United States	100
ICAP Capital Markets LLC	United States	100
ICAP Corporates LLC	United States	100
ICAP Electronic Broking LLC	United States	100
ICAP Energy LLC	United States	100
ICAP Futures LLC	United States	100
ICAP Information Systems LLC	United States	100
ICAP Services North America LLC	United States	100
ICAP United, Inc	United States	100
Intercapital Securities LLC	United States	100
Moving Pictures Film and Television LLC	United States	100
Skaarup Shipbrokers Inc	United States	75
Traiana Inc	United States	100
Wrightson ICAP LLC	United States	100

* Reset Private Limited became 100% owned in April 2009.

The percentage held represents the percentage of issued share capital held (all classes) and also represents the voting rights of the Company. All subsidiaries have a 31 March year end.

All companies operate in their country of incorporation, except ICAP Securities USA LLC and ICAP Futures LLC which also operate in the UK, ICAP Energy AS which also operates in the Netherlands and in Spain and EBS Dealing Resources International Limited which operates worldwide.

The principal activity of ICAP Information Services LLC, Wrightson ICAP LLC and GovPX, Inc. is the provision of financial information to third parties. All other subsidiaries are involved in voice broking, electronic broking, or service activities related to broking activity.

ICAP GROUP HOLDINGS LIMITED

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

8. OTHER RECEIVABLES

	As at 31/3/2009 £m
Amounts owed by subsidiary and affiliates	700
Group tax relief receivable	1
	<u>701</u>

All current balances are interest free and payable on demand.

9. OTHER PAYABLES

	As at 31/3/2009 £m
Amounts owed to subsidiaries and affiliates	<u>792</u>

Amounts owed to subsidiaries and affiliates include a loan of \$40m (£30m) due to ICAP Luxembourg Services Limited, a subsidiary company, at a fixed interest rate of 6.35%. All other amounts are interest free and payable on demand.

10. BORROWINGS

Long-term

On 31 March 2009, ICAP plc novated its obligation in respect of a £135m amortising term loan to the Company. The loan runs until 31 January 2011, with repayments of £10m on 16 November 2009, 16 May 2010 and 16 November 2010. The loan is priced at LIBOR plus 3.0%, with a step-up to LIBOR plus 3.5% after 12 months. In the event that any one of the ICAP plc's senior credit ratings fall below BBB-/Baa3 the margin increases by 2% to LIBOR plus 5% and 5.5% on 16 November 2010.

Short-term

On 31 March 2009 ICAP plc novated its three year unsecured revolving credit facility, of which £473m is available for general corporate purposes including the financing of acquisitions with the remaining \$94m to meet margin calls, to the Company. The balance as at 31 March 2009 of £275m is net of capitalised fees of £2m and was novated to the Company. To take advantage of lower short-term interest rates, the amounts drawn as at 31 March 2009 were for a one-week period and have been included within short-term borrowings. The facility carries a floating interest rate of LIBOR plus 0.45% with an additional 0.10% payable dependent on the debt to earnings ratio. The facility expires on 6 March 2011.

On 31 March 2009, ICAP plc novated its £75m unsecured revolving credit facility to the Company. The committed facility is available for general corporate purposes, including the financing of acquisitions, and carries a floating interest rate of LIBOR plus 2.25%. The facility was undrawn as at 31 March 2009 and will expire on 30 June 2010.

The Company's bank facilities contain a number of customary financial and operational covenants, which the company was in compliance with at 31 March 2009.

The fair value of the short-term and long-term borrowings are not materially different from their book values.

ICAP GROUP HOLDINGS LIMITED

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

11. CALLED UP SHARE CAPITAL

	As at 31/3/2009 £m
Authorised:	
2,000,000,000 Ordinary shares of £1 each	<u>2,000</u>
Allotted and fully paid:	
200,000,001 Ordinary shares of £1 each	<u>200</u>

1 share was issued at par on incorporation, 10 September 2008 to ICAP plc, the Company's parent. On 22 December 2008, a further 200m shares were issued to ICAP plc in return for the Company's investments in subsidiary companies (note 7) as part of ICAP plc's reconstruction project. The fair value of the consideration received was £4,213m.

12. RELATED PARTY TRANSACTIONS

Parent company

The company's immediate and ultimate parent company is ICAP plc, which is incorporated in the United Kingdom and heads the largest group of companies of which the Company is a member. ICAP plc prepares consolidated financial statements in accordance with IFRS and copies can be obtained from the Company Secretary, ICAP plc, 2 Broadgate, London, EC2M 7UR.

Related party transactions

All Group companies are party to a netting agreement. There were no related party transactions or balances during the years ended 31 March 2009 other than disclosed in the above notes.

13. DIVIDENDS

	Period ended 31/3/2009 £m
Amounts recognised as distributions to parent company in the period:	
First interim dividend of 14.25p per ordinary £1 share	29
Second interim dividend of 1.25p per ordinary £1 share	2
Third interim dividend of £2.50 per ordinary £1 share	500
	<u>531</u>