

Preliminary statement for the year ended 31 March 2010

London - 19 May 2010

ICAP plc (IAP.L), the world's premier interdealer broker and supplier of post trade risk and information services, today announced its audited results for the year ended 31 March 2010.

Highlights:

	Year ended 31 March 2010	Year ended 31 March 2009	Increase
Continuing operations	£m	£m	
Revenue	1,605	1,585	+1%
Net operating expenses ^{1,3}	1,251	1,220	(3)%
Profit ²	333	350	(5)%
Profit before tax – statutory	247	285	(13)%
EPS (basic)	18.0p	27.6p	(35)%
EPS (adjusted basic) ⁷	32.3p	34.1p	(5)%
EPS (continuing adjusted basic) ⁷	35.1p	34.7p	+1%
Dividends per share	17.55p	17.05p	+3%

- Group revenue from continuing operations rose to £1,605m with profit² of £333m
- Electronic revenue of £252m produced operating profit³ of £100m
- Post trade risk and Information revenue rose to £142m and produced operating profit³ of £69m
- Electronic broking and post trade risk and information contributed 48% of operating profit³
- Continued progress in new businesses during the period. However, expansion into full service agency cash equities in Europe and Asia Pacific failed to match up to our expectations and was closed, with post tax losses of £18m being treated as discontinued operations.
- Post tax exceptional costs of £52m, related to the costs of closing the European and Asia Pacific full agency service cash equities and settling an SEC investigation
- On an underlying basis⁴ revenue fell by 6% and operating profit⁴ by 13%
- The Group's operating profit³ margin was 22% (2009: 23%), reflecting the early stage of some acquisitions and investments
- Free cash flow⁵ of £219m (2009: £296m). Net debt⁶ of £148m (31 March 2009 : net debt £126m) after making acquisition related payments of £149m and paying £92m in dividends
- The directors recommend a final dividend per ICAP share of 12.44p, which will be paid on 20 August 2010. The full year dividend will be 17.55p compared with 17.05p per share in 2008/09

Michael Spencer, Group Chief Executive Officer, said "ICAP continues to benefit significantly from the investments made in previous years. We have learned some valuable lessons this past year but are very focused on building and developing the business, employing an even more disciplined approach to our new initiatives, a sound control environment and robust risk management."

"Our overall business is in good shape and is more broadly based than it has ever been. By following a clear growth and diversification strategy our business is well positioned to take advantage of any changes in the structure and regulation of the financial services industry. We will concentrate this year on growing our business organically and will work with our customers to expand the use of the market infrastructure our investment has developed. We have made a good start to the new financial year, with volatile conditions creating more active markets."

Notes

1. Includes operating expenses net of other income.
2. Profit is defined as pre-tax profit from continuing operations before amortisation and impairment of intangibles arising on consolidation and exceptional items.
3. From continuing operations excluding amortisation and impairment of intangibles arising on consolidation and exceptional items.
4. As per note 3 above and adjusted to exclude the impact of foreign exchange. There were no material impacts from acquisitions during the period.
5. Free cash flow is net cash flow from operating activities after deducting capital expenditure and adding dividends received from associates and investments.
6. Net debt is cash and cash equivalents less long and short term borrowings and overdrafts.
7. Adjusted basic EPS is based on total earnings before amortisation and impairment of intangibles arising on consolidation and exceptional items (and their tax effects). Continuing adjusted basic EPS is based on earnings from continuing operations before amortisation and impairment of intangibles arising on consolidation and exceptional items.

There will be a briefing for analysts and investors at 09:30 BST on Wednesday 19 May 2010 at 2 Broadgate, London EC2M 7UR. The presentation slides and an audiocast will be available on the website, www.icap.com at 17:00 BST on Wednesday 19 May 2010. The audiocast will remain on the website for six months. A further conference call will be held at 14:30 BST/09:30 EST for investors and analysts in North America. For dial in details and a copy of the presentation please contact Maitland on +44 (0) 20 7379 5151.

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Notes to editors:

About ICAP

ICAP is the world's premier interdealer broker and provider of post trade risk and information services. The Group is active in the wholesale markets in interest rates, credit, commodities, foreign exchange, emerging markets and equity derivatives. ICAP plc was added to the FTSE 100 Index on 30 June 2006. For more information go to www.icap.com

Preliminary statement for the year ended 31 March 2010

Review of operations

As a result of investments made over a long period our overall business is in good shape and is more broadly based than it has ever been. The Group reports a profit from continuing operations of £333 million before tax, amortisation and impairment of intangibles arising on consolidation and exceptional items. On a statutory basis, profit before tax from continuing operations was £247 million, a decrease of 13% over the prior year; post tax losses of £18 million have been treated as discontinued operations.

We continue to believe that profit before tax, amortisation and impairment of intangibles arising on consolidation and exceptional items better reflects the Group's underlying year-on-year performance. This measure is reconciled to profit before tax on the face of the consolidated income statement.

The majority of ICAP's revenue is non sterling denominated and as such has been positively affected by sterling's weakness against other currencies. The impact of this was to increase operating profit¹ by £53 million. Should the dollar and the euro trade at \$1.55/£1 and €1.15/£1, the year on year impact in 2010/2011 would be to increase operating profit¹ by £30 million.

Strategy

Our goals are to be the leading global intermediary, the leading post trade risk services provider and the main infrastructure provider to the world's wholesale financial markets. We aim to have at least 35% of overall interdealer market revenues and to generate operating profit evenly distributed between voice broking, electronic broking and post trade risk and information services.

There are three components to our strategy:

- the expansion of our leading voice broking business;
- the growth of our global electronic broking business both through increasing volumes of existing products and by developing new markets; and
- the development of our post trade risk and information businesses to provide innovative services that enable our customers to reduce their costs and risks and to increase their efficiency, return on capital and capacity to process trades.

ICAP's businesses are based fundamentally on networks that we develop and operate globally for the wholesale financial markets. We have successfully developed a business providing value added services to customers and then charging them when they complete transactions using these networks. Building physical, global networks is technically challenging, time consuming and requires considerable customer cooperation. However once a network is established there are significant economies of scale. In the broking businesses, as the number of buyers and sellers on a network increases, liquidity increases together as prices tighten, making the network more attractive to new users. In turn the network becomes more valuable as transaction volumes increase and new customers and products are added.

Business drivers

ICAP continues to have the potential for further growth and we have invested ahead of our competitors. Factors that support this growth include:

- instability in currencies, interest rate and credit markets leading to price volatility and forming the basis for further growth in interest rate and credit derivatives, FX, commodities and listed financial markets;
- demand for improved operational and capital efficiency for bank and hedge fund traders in these markets;

- use of derivatives to manage efficiently and hedge risk exposure to changes in interest rates and FX, commodity and other price fluctuations;
- continuing high levels of government and corporate bond issuance as structural change reduces bank lending to corporates;
- reallocation of capital to commoditised “flow” markets and the structural shift away from complex structured products;
- continuing regulatory pressure on financial market participants to overhaul OTC market infrastructure, reducing systemic and operational risk by improving back office procedures and reducing systemic and counterparty risk;
- clearing of OTC derivatives trades to reduce risk, improve market efficiency and reduce costs;
- increased political pressure for new regulations requiring more electronic trading, improved transparency and higher capital requirements for OTC trades that are not cleared; and
- continued liberalisation of emerging markets. Economic growth and increasing sophistication are driving growth in onshore and offshore interest rate, FX and credit markets in these countries.

Competitive environment

We continue to benefit from greater scale and broader diversity than our competitors. By our estimates, overall industry revenue declined in 2009/10 by 12% to \$11 billion. On this basis ICAP currently estimates its share of this market has grown to 22%–24%. Our strategy remains to increase this share to 35%. When assessing our available market size we include interdealer broking markets in interest rates, credit, commodities (including shipping), FX, equity derivatives and emerging markets – together with markets such as post trade risk.

Opportunities in changing markets

The very public political debate about strengthening financial regulation and the market infrastructure, particularly of OTC derivatives, is moving towards a conclusion in the major centres. Legislators, regulators and market participants all have their own demands.

Once legislation is in place, some of which may be this year, we expect new industry regulation and capital treatments to emerge. This includes proposals for international adoption of the new Basel III proposals for banks’ capital and liquidity requirements.

However, while the debate continues, 14 of the largest banks have made a number of commitments to global regulators that have, and will continue to, improve the market infrastructure even before legislation designed to reform OTC market structures has been finalised. These include increasing transparency through the use of global data repositories to address the needs of regulators for information about counterparty exposures and aggregated post trade data. TriOptima has been tasked with the development of the global trade repository for OTC interest rate derivatives and began publishing the first aggregated market data on 30 April 2010.

We also expect that the requirements for electronic trading systems in the OTC derivative markets will become clearer. We have already successfully launched electronic trading of credit derivatives in the US earlier this year and also expect to launch electronic trading of interest rate derivatives in 2010. Now that there is broad agreement on the benefits of introducing counterparty (CCP) clearing for standardised eligible transactions, regulators and risk and operations professionals have started to consider risks that cannot be removed or mitigated by CCP models, such as further order risks and complex and structured trades. In 2011 we anticipate the increased use of both more efficient bilateral collateralisation and CCPs and these risk mitigation techniques will be applied to larger segments of the OTC markets.

ICAP expects to expand our range of post trade processing and risk management services in this evolving regulatory environment. This is an attractive area in which to invest; we know the market well and are working alongside our key customers. The new services we are introducing employ intellectual rather than financial capital and our competition is fragmented.

Regulation

Another aspect is that a regulatory and reputational spotlight is being aimed at all financial services companies.

During the past year the Group announced that it had reached agreement with the SEC to a settlement in respect of a four-year, industry-wide investigation into the markets in certain fixed income securities, without admitting or denying allegations of any wrongdoing. The investigation concerned certain activities on ICAP Securities USA LLC's interdealer voice broking mortgage backed securities desk between 2005 and 2008. Since then ICAP Securities USA LLC has made substantial improvements to the quality of its control environment.

The scale of the Group means our profile is high and we must demonstrate leadership in setting and achieving the highest ethical and professional standards by our staff, management and directors. We are committed to strengthening our control environment; both geographically and across product lines and have continued to make substantial progress in the past year.

Markets

ICAP is active in a broad range of markets and the diversity of its market coverage is a key strength of the Group. The revenue and growth rates per market from our continuing operations are given below.

	2010 Revenue	2009 Revenue	Growth
	£m	£m	%
Continuing operations			
Interest rates	630	678	(7)
FX	292	245	19
Equities	163	184	(11)
Emerging markets	141	127	11
Credit	204	192	6
Commodities	175	159	10
Total	1,605	1,585	1

Divisional performance

Core voice broking

	Revenue £m	Headline growth %	Underlying growth ¹ %	Operating Profit ¹ %	Headline growth %	Underlying growth ¹ %
EMEA	506	(3)	(7)	115	(15)	(12)
The Americas	434	3	(6)	80	5	(4)
Asia Pacific	96	-	(9)	1	n/m	n/m
Total	1,036	-	(6)	196	(6)	(7)

Revenue² and operating profit¹ from ICAP's core voice broking businesses were slightly lower than in 2008/09, when the markets were exceptionally active. This was particularly the case in EMEA.

Revenue² and operating profit¹ in the Americas increased slightly, with an improvement in underlying performance in the second half.

Interest rates

After consecutive years of extremely strong growth and volatility, in 2009/10 the interest rate markets returned to more normal and stable trading conditions, with lower levels of volatility in the markets. Interest rate derivatives volumes increased steadily over the course of 2009/10 despite increasing uncertainty about future regulatory proposals from the US and European governments.

Traditional “flow” interest rate products, both cash and derivatives, remained active on both sides of the Atlantic, as high levels of corporate bond issuance around the world partially offset the lower volatility. Although interest rate swap volumes increased, revenues declined compared with the very strong revenues of 2008/09. This was due to a shift in the traded product mix towards lower revenue short date durations, particularly in the Americas.

In general, risk appetite returned to the markets in the last quarter of 2009/10, with spreads narrowing correspondingly. There was a marked increase in trading activity towards the end of the financial year, particularly in the interest rate options market. However, this increased risk tolerance remains vulnerable to negative news flow, as highlighted by the recent European sovereign debt crisis.

Credit

In EMEA and the Americas, revenue growth continued to be driven by corporate bond trading, offsetting slower activity levels in the credit default swap (CDS) market. Persistent uncertainty about the implementation and potential impact of proposed regulatory changes, including the introduction of central clearing, continued to weigh on the CDS market. However this accounts for a relatively small part of ICAP’s business.

After two very active years, however, the corporate bond market is also returning to more stable trading conditions. This market benefited from the high levels of corporate bond issuance of the past year although reduced volatility and narrower spreads have slowed growth from the exceptionally high levels of 2008/09. In both the CDS and corporate bond market the focus has shifted from high yield to high grade credit as volatility decreased. Volumes in emerging market credit products have increased considerably as these markets recover from the financial crisis.

Commodities

The commodities division generated another year of good revenue growth in both Europe and the Americas, driven primarily by oil, electricity, natural gas and coal. This division has generated positive revenue growth in each of the past four years. Increased confidence in economic recovery led to record trading volumes in natural gas and coal on both sides of the Atlantic. Electricity volumes were resilient in both North America and in continental Europe. The emissions market had a stable year, although the lack of regulatory consensus at the December 2009 Copenhagen Climate Change Conference and uncertainty about the market post 2012 weighed on volumes in the second half of the year.

ICAP continues to develop within the nascent iron ore sector. Although this business is at a very early stage, iron ore broking fits in well with ICAP’s existing coal and freight businesses, and leverages the extensive research strengths of ICAP Shipping. The expected changes to the annual benchmark pricing system for iron ore producers, and the move to a spot market, is likely to drive growth in this new marketplace. Soft commodities also performed well. In February, ICAP Energy

announced the introduction, subject to regulatory approvals, of a combined voice-electronic broking service for OTC crude and fuel oil and Middle Distillate swaps.

Emerging markets

After two years of difficult conditions, emerging markets are benefiting from the increased risk appetite in the global markets and are showing signs of a recovery. Trading volumes in emerging market interest rate and FX products have increased considerably over the past year in both Europe and Latin America, particularly at the short end of the yield curve. Emerging market CDS are also showing signs of nascent recovery

In Asia Pacific, after a subdued year, volumes traded through our joint venture in China with CFETS (China Foreign Exchange Trading System) have started to increase, particularly in the interest rates and forward FX businesses.

In Latin America, SIF ICAP Chile, our new joint venture, is developing well.

FX

In 2009/10 volatility began to return to the foreign exchange market, particularly in emerging market currencies. Turkish Lira experienced notably high turnover and there were also increased volumes traded in the Russian rouble, Hungarian forint, Polish zloty, GCC Currencies and South African rand. Other African currencies are also developing well, with an upturn in business in Kenya and Ghana.

New businesses	2010	2009
	£m	£m
Revenue	175	170
Operating profit ¹	(11)	7

ICAP continues to expand and diversify its business through a series of investments, despite a challenging year in some of these markets. We will review the new business segment annually in line with our accounting policy. It is anticipated that Link and ICAP Shipping will be reported in the core voice broking segment from 2010/2011.

Equity derivatives

In equity derivatives, the combination of low market volatility, falling commission rates and increased competition created difficult market conditions. In spite of these factors, ICAP, through its subsidiary Link, continued to hold its position as the leading global equity derivatives broker and the business continued to make a material profit contribution. We saw some confidence returning to single stock and emerging market equity derivatives towards the end of the financial year.

Brazil

ICAP's expansion into Brazil was driven by the structural shift in the Brazilian financial markets and increased on shore trading of domestic products. We anticipate that the combination of further bank consolidation and the increasing internationalisation of Brazilian banking to lead to more mature markets. This expansion continues at pace and has yielded good initial results in its first year of operation, despite showing an operating loss. Brazil is now ICAP's third largest wholly owned office with more than 250 brokers and support staff.

ICAP's broking activity on BM&F Bovespa has grown in market share and rank, with increasing

participation from local and international market participants expected to drive further growth in this market. BMF Spot FX and swap volumes in particular have been strong and local bond trading in the region has also exceeded expectations. ICAP's Bovespa broking continues to increase revenue and market share. In the Brazilian equity market, we experienced sharp and robust growth despite very competitive market conditions, resulting in a top 20 market position out of a total competitive field of 90 broking organisations in less than one year. ICAP's retail offering for Brazilian equities MYCAP continues to gain traction, with almost 6,000 new accounts.

Shipping

The year was marked by a 40% fall in the Baltic Dry Index, a 50% drop in rates for crude oil tankers and a 61% reduction in investment in new vessels and as a result the business made a small operating loss. However, ICAP Shipping is well positioned for the upturn in the shipping cycle. We believe that China and India will continue to drive demand for shipping services. This belief was reinforced in the latter part of the financial year, resulting in improved brokerage rates.

Base metals

ICAP's London Metal Exchange base metals broking business had a strong performance and has expanded during the past year.

Intellectual property

In June 2009, we acquired the transactions division of Ocean Tomo LLC, the leading Intellectual Capital Merchant Banc® company, for an initial consideration of US\$10 million at closing, comprising \$5 million in cash and \$5 million of restricted ICAP plc shares. The combination of ICAP's existing successful patent brokerage business and the Ocean Tomo brand will help us build a leading position in the global patent and intellectual property broking market.

Electronic broking

	£m	Headline growth %	Underlying growth ¹ %
Revenue	252	-	(11)
Operating profit ¹	100	14	(13)

Electronic broking had a resilient year in terms of revenue and its operating profit¹ benefited from strong cost control. After extraordinary growth followed by a very cautious trading environment post the recent financial crisis, our electronic broking volumes are returning to more normal levels. We have seen recovery in the electronic fixed income markets and, more recently, in the spot FX markets. Customer activity has increased and traditional market players that were adversely affected by the dislocations in the markets are re-establishing themselves, joined by new market participants.

Average daily electronic broking volumes for the EBS spot FX platform and the BrokerTec fixed income platform for the 12 months ended 31 March 2010 were \$629.5 billion, down 12% from the previous 12 months. However, volumes reached \$715.3 billion in March 2010, the highest levels since October 2008, with volumes showing a reasonably consistent rise over the past 12 months.

Fixed income

Fixed income trading on the BrokerTec platform has rebounded strongly, and total average daily volumes in US Treasury products, US repo and EU repo in the last quarter of 2009/2010 were \$539

billion, up 33% on the comparative period in 2009. US Treasury products continued to benefit from the high levels of issuance and US repo trading was stable. In November, ICAP entered into a strategic partnership with Gre Tai Securities to provide onshore access to US government bond trading in Taiwan for the first time.

In Europe, EU repo also rebounded very strongly. We have seen increased interest in BrokerTec from new market participants that are applying to be a primary dealers or members of a central counterparty. During 2009/10 electronic European government bond trading saw an upward trend with spreads tightening and issuance remaining high. In October Finland became the sixth EU government to open its trading to competing platforms and, in March, the Belgian debt agency renewed BrokerTec's term as an eligible platform for the Belgian market. Conditions remain positive and continue to support growing interest in electronic trading of government bonds. In addition, new counterparties are applying to become primary dealers in many European government bond markets, which will expand the client base on the BrokerTec platform and increase trading.

FX

The FX market overall is beginning to experience more volatility and the spot FX volumes rose in the second half of the financial year. Average daily electronic broking volumes on the EBS platform in the last quarter of 2009/2010 were \$154 billion, an increase of 3% year-on-year. In this period, daily volumes on the EBS platform surpassed \$200 billion six times.

The currency volumes traded on the EBS platform continued to become more diverse in the past year, with trading volumes increasing in Commonwealth currencies, particularly the Australian dollar, as well as the Russian rouble and Mexican peso. Russia continues to develop, with a significant increase in Russian rouble trading and in the number of active local and international banks. EBS Prime has expanded in the past year, with the addition of BNP Paribas and Morgan Stanley, bringing the total of prime banks to 20. EBS Prime now accounts for approximately 39% of total EBS volumes.

Non deliverable forwards (NDFs) in Asia have performed strongly, particularly the Korean, Malaysian and Indian currencies, as emerging Asian currencies become more buoyant. Electronic broking of NDFs also gained momentum in Latin American currencies. In December, ICAP launched Kenyan Shilling currency pairs on the EBS platform and there has been active trading from both local and international banks.

Credit

The CDS market continues to wait for the outcome of regulatory proposals on CDS clearing and electronic trading and as such trading conditions have been quieter. As the provider of two electronic trading solutions for the CDS market in Europe and the US, ICAP Credit and BrokerTec Credit, ICAP expects to benefit in the long term from the regulatory proposals currently being debated in Europe and the US.

Post trade risk and information

	£m	Headline growth %	Underlying growth ¹ %
Revenue	142	15	5
Operating profit ¹	69	13	2

ICAP's post trade risk and information division developed well, in terms of both revenue and profit contribution and its range of products. In the first full financial year that the division has reported separately it contributed 19% of ICAP's operating profit¹. As regulatory and market demand for systems and methodologies that reduce operational and systemic risk in the markets increases, ICAP expects the division to continue to increase its contribution.

Post trade risk services

Reset, the market leading expert for interest rate reset risk management, accounts for the largest proportion of ICAP's post trade risk and information revenues and profits. Reset has seen some slowdown in the second part of the year as short term interest rates remain low and stable.

ReMatch, the bulk risk mitigation service for credit derivative portfolios launched in October 2009, is showing initial promise. ReMatch and Reset are both services designed to help customers mitigate non-strategic risk from OTC derivatives.

Traiana, the post-trade netting and aggregation service, saw very strong growth. Traiana has continued to build out its offering to both the buy and sell side, with increased volumes and a growing number of participants on the Harmony Network. The average daily volume processed by Harmony in the past financial year was 263,000 unique trades, up from 120,000 the year before. Traiana's FX joint venture with settlement bank CLS Group began operations in January, with eight banks participating. The service aims to alleviate the back office operational risk and costs created by automated trading in high velocity markets and reduce systemic risks. This joint venture, powered by technology provided by Traiana, reduces costs and processing burdens associated with high velocity trading by up to 90%.

In March 2010 ICAP completed the acquisition of the 61.78% of the share capital it did not already own in market infrastructure provider TriOptima for Swedish Krona 1,288 million (£112 million), financed from ICAP's existing debt facilities. The acquisition of TriOptima at the end of the financial year will significantly increase the scale of these businesses in 2010/2011. On a proforma basis, including the impact of TriOptima from 1 April 2009 would have resulted in this division contributing 25% of the Group's operating profit.

TriOptima's services, aimed at reducing risk and helping financial institutions to manage their OTC derivative portfolios more efficiently, are performing well. Last year, TriOptima's portfolio reconciliation service triResolve included 5.8 million trades across all asset classes and product structures, representing over 75% of all non-cleared OTC derivative transactions globally. triReduce, TriOptima's portfolio compression service eliminated \$14.5 trillion of outstanding credit default swap and \$25.8 trillion of interest rate swap notional value.

In October 2009, TriOptima was selected by the International Swaps and Derivatives Association (ISDA) to operate the first central trade repository for interest rate swaps, collecting data initially from the G-14 financial institutions for all their interest rate swap trades. This service went live on

15 January, 2010 providing relevant banking supervisors with the information submitted by the G-14³ financial institutions.

In February ICAP also acquired a minority interest in the automated collateral management service provider Acadiasoft.

Information

ICAP Information collects data from ICAP's global voice and electronic broking operations covering more than 50 countries from 32 locations in the three key trading zones. This part of the post trade risk and information division has seen strong revenue and profit growth, driven by increased demand for independent trading data for regulatory purposes and the rise in algorithmic trading. The business packages and distributes real-time, end of day and historical data and has distribution relationships globally with risk management, analytics and global data vendors. ICAP has been a significant driving force behind reference data for key OTC markets. In 2009, ICAP launched ICAP FIX, a comprehensive data service providing accurate and verifiable marks across an extensive range of ICAP market data. ICAP FIX can be used as reference and validation data for product and credit control, risk management and mark-to-market of positions.

Balance sheet, cash flow and finance charge

During the year, ICAP generated free cash flow of £219 million (2009 - £296 million). This represents another year where ICAP's free cash flow exceeds its post tax profit. £92 million was distributed to shareholders via dividends and £149 million to fund acquisitions, being mainly the TriOptima acquisition (at £95 million, net of cash acquired) and deferred consideration arising from previous acquisitions, principally Reset and Link.

At 31 March 2010, the Group had net debt of £148 million an increase of £22 million on the prior year as a result of borrowings to finance the above acquisition consideration being almost completely offset by strong cash generation in the year.

The net finance charge recognised in 2009/10 was £28m (2009 £24m). The small increase is driven by the interest cost on the €300m bond issued in July 2009 being almost offset by lower net interest cost on ICAP's other net debt. To maintain sufficient maturity on its main credit facilities, ICAP's existing Revolving Credit Facility was refinanced in May 2010 with the result that ICAP no longer benefits from the very favourable credit spreads that existed three years ago. Combined, the full year impact of the interest cost on the Eurobond and the financing costs related to the TriOptima acquisition results in a material increase in the anticipated net finance cost for 2010/11.

Exceptional items and discontinued operations

The Group's policy is to separately disclose items in its income statement as exceptional which are non-recurring and, in terms of both size and nature, material. On 18 December 2009, the Group announced that one of its US subsidiaries, ICAP Securities USA LLC had agreed to a settlement with the US SEC in regard to a four-year, industry-wide investigation into the markets in certain fixed income securities, without admitting or denying allegations of any wrongdoing. The Group has recognised an exceptional charge of £21 million in respect of this settlement, representing penalties and costs related to the settlement of this matter.

The second exceptional item, of £46 million, relates to our cash equities business. The expansion into full service agency cash equities in Europe and Asia Pacific failed to deliver the necessary returns. After a thorough review conducted in early 2010 we announced in March our decision to withdraw this full service offering. This was a very disappointing outcome and an important lesson. In order to enable relevant comparison of future performance we believe it is important to identify the impact that these

businesses have had on the Group's results and, as such, have separately disclosed them as a discontinued operation in the financial statements.

Dividend

Our business continues to be highly cash generative and although we have had one-off issues this year our free cash flow was £219 million and we have a stable net debt position. As a result the business is well placed to continue to grow and develop. On this occasion the directors have based their dividend recommendation on the continuing adjusted earnings per share of 35.1p so that the total dividend for the year will be 17.55p compared with 17.05p per share in 2008/09: subject to shareholder approval a final dividend of 12.44p per share to be paid on 20 August 2010 to shareholders on the register on 23 July 2010. The ex-dividend date is 21 July 2010.

Under the terms of the scrip dividend scheme that was introduced in 2009, shareholders will be offered the opportunity to elect to receive their cash dividend in shares. Further details will be announced on 28 July 2010.

Looking ahead

ICAP continues to benefit significantly from the investments made in previous years. We have learned some valuable lessons this past year but are very focused on building and developing the business, employing an even more disciplined approach to our new initiatives, a sound control environment and robust risk management.

Our overall business is in good shape and is more broadly based than it has ever been. By following a clear growth and diversification strategy our business is well positioned to take advantage of any changes in the structure and regulation of the financial services industry. We will concentrate this year on growing our business organically and will work with our customers to expand the use of the market infrastructure our investment has developed. We have made a good start to the new financial year, with volatile conditions creating more active markets.

¹ Operating profit from continuing operations excludes amortisation and impairment of intangibles arising on consolidation and exceptional items. Underlying additionally excludes the impact of foreign exchange and acquisitions.

² Revenue from continuing operations

³ The G-14 financial institutions include Bank of America-Merrill Lynch, Barclays Capital, BNP Paribas, Citi, Credit Suisse, Deutsche Bank AG, Goldman Sachs, HSBC Group, JP Morgan, Morgan Stanley, The Royal Bank of Scotland Group, Societe Generale, UBS AG, Wachovia Bank, N.A.

Consolidated income statement

Year ended 31 March 2010

	Note	Before amortisation and impairment of intangibles arising on consolidation and exceptional items £m	Amortisation and impairment of intangibles arising on consolidation £m	Exceptional items (note 4) £m	Total £m
Continuing operations					
Revenue	2	1,605	–	–	1,605
Operating expenses		(1,270)	(61)	(26)	(1,357)
Other income		19	–	–	19
Operating profit	2	354	(61)	(26)	267
Finance income		7	–	–	7
Finance costs		(35)	–	–	(35)
Share of profit of associates after tax		7	1	–	8
Profit before tax from continuing operations		333	(60)	(26)	247
Tax	5	(107)	20	4	(83)
Profit for the year from continuing operations		226	(40)	(22)	164
Loss for the year from discontinued operations	3	(18)	–	(30)	(48)
Profit for the year		208	(40)	(52)	116
Attributable to:					
Owners of the Company		208	(40)	(52)	116
Minority interests		–	–	–	–
		208	(40)	(52)	116
Earnings per ordinary share from continuing operations					
– basic	7				25.5p
– diluted	7				25.1p
Earnings per ordinary share from total operations					
– basic	7				18.0p
– diluted	7				17.7p

Consolidated income statement

Year ended 31 March 2009

	Note	Before amortisation and impairment of intangibles arising on consolidation and exceptional items * £m	Amortisation and impairment of intangibles arising on consolidation* £m	Exceptional items (note 4) £m	Total* £m
Continuing operations					
Revenue	2	1,585	–	–	1,585
Operating expenses		(1,243)	(63)	–	(1,306)
Other income		23	–	–	23
Operating profit	2	365	(63)	–	302
Finance income		19	–	–	19
Finance costs		(43)	–	–	(43)
Share of profit of associates after tax		9	(2)	–	7
Profit before tax from continuing operations		350	(65)	–	285
Tax	5	(117)	22	–	(95)
Profit for the year from continuing operations		233	(43)	–	190
Loss for the year from discontinued operations	3	(4)	–	–	(4)
Profit for the year		229	(43)	–	186
Attributable to:					
Owners of the Company		216	(41)	–	175
Minority interests		13	(2)	–	11
		229	(43)	–	186
Earnings per ordinary share from continuing operations					
– basic	7				28.2p
– diluted	7				27.5p
Earnings per ordinary share from total operations					
– basic	7				27.6p
– diluted	7				26.9p

*The comparative results have been re-presented to disclose separately the results of the discontinued operations (see note 1(a)).

Consolidated balance sheet

	Note	As at 31 March 2010 £m	As at 31 March 2009 £m
Assets			
Non-current assets			
Intangible assets arising on consolidation		1,489	1,404
Intangible assets arising from development expenditure		72	54
Property and equipment		68	77
Investment in associates		30	38
Deferred tax assets		34	40
Trade and other receivables		35	14
Available-for-sale investments		27	36
		1,755	1,663
Current assets			
Trade and other receivables	9	60,101	31,739
Available-for-sale investments		1	5
Cash and cash equivalents	11(b)	504	433
		60,606	32,177
Total assets		62,361	33,840
Liabilities			
Current liabilities			
Trade and other payables	9	(60,098)	(31,807)
Short-term borrowings and overdrafts	10	(257)	(289)
Tax payable		(100)	(85)
Short-term provisions		(36)	(20)
		(60,491)	(32,201)
Non-current liabilities			
Trade and other payables		(30)	(57)
Long-term borrowings	10	(395)	(270)
Deferred tax liabilities		(174)	(164)
Retirement benefit obligations		(1)	(2)
Tax payable		–	(4)
Long-term provisions		(55)	(2)
		(655)	(499)
Total liabilities		(61,146)	(32,700)
Net assets		1,215	1,140
Equity			
Capital and reserves			
Called up share capital		66	65
Share premium account		425	398
Other reserves		71	(18)
Retained earnings		636	680
Equity attributable to owners of the Company		1,198	1,125
Minority interests		17	15
Total equity		1,215	1,140

Approved by the board on 19 May 2010 and signed on its behalf by:

Michael Spencer
Group Chief Executive Officer

Matthew Lester
Group Finance Director

Consolidated statement of cash flows

	Note	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Cash flows from operating activities	11(a)	276	354
Cash flows from investing activities			
Dividends received from associates		7	4
Other equity dividends received		2	1
Payments to acquire property and equipment		(17)	(36)
Intangible development expenditure		(49)	(28)
Receipts from sale of property and equipment		–	1
Net receipts on disposal of available-for-sale investments		14	4
Acquisition of interests in businesses net of cash acquired		(147)	(197)
Acquisition of associates and joint ventures		(2)	(3)
Net cash flows from investing activities		(192)	(254)
Cash flows from financing activities			
Dividends paid to minority interests		–	(16)
Dividends paid to owners of the Company		(92)	(106)
Payments to acquire Treasury Shares		–	(9)
Payments to acquire own shares for employee share trusts*		(2)	(10)
Proceeds from issue of ordinary shares		–	1
Payments in relation to net investment hedges		–	(32)
Repayment of borrowings		(488)	(144)
Funds received from borrowing, net of fees		591	264
Net cash flows from financing activities		9	(52)
Exchange adjustments		(8)	6
Net increase in cash and cash equivalents		85	54
Net cash and cash equivalents at beginning of the year		419	365
Net cash and cash equivalents at end of the year	11(b)	504	419
Net cash and cash equivalents consists of:			
Cash and cash equivalents		504	433
Bank overdrafts		–	(14)
Net cash and cash equivalents at end of the year	11(b)	504	419

*Payments to acquire own shares for employee share trusts is shown net of £5m (2009 – £12m) of contributions received from participants in the trusts.

Notes to the financial statement

1 Basis of preparation

(a) Basis of preparation – Group and Company

The financial statements have been prepared in accordance with IFRS adopted by the EU, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and therefore comply with Article 4 of the EU 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 financial statements are prepared in pound sterling, which is the functional currency of the Company and presented in millions.

The Group maintains a columnar format for the presentation of its consolidated income statement. This enables the Group to continue its practice of improving the understanding of its results by presenting profit for the year before amortisation and impairment of intangibles arising on consolidation and exceptional items. This is the profit measure used to calculate adjusted EPS and is considered to be the most appropriate as it better reflects the Group's underlying cash earnings. Profit before amortisation and impairment of intangibles arising on consolidation and exceptional items is reconciled to profit before tax on the face of the income statement.

Intangible assets arising on consolidation represent goodwill and other separately identifiable intangible assets on business combinations since 1 April 2004. The amortisation of separately identifiable intangible assets and any impairment of goodwill together with the unwind of related deferred tax liabilities are included in the income statement within the column "amortisation and impairment of intangibles arising on consolidation".

Items which are of a non-recurring nature and material, when considering both size and nature, are disclosed separately to give a clearer presentation of the Group's results. These are shown as "exceptional items" on the face of the consolidated income statement.

The Group has presented its results from the discontinued operations post-tax (note 4) below profit for the year from continuing operations. The prior year results have been re-presented to disclose separately the results of the discontinued operations. This has had no impact on the results of the Group.

On the face of the income statement, basic and diluted EPS from continuing operations have also been disclosed. This enables the Group to provide clarity of the EPS of the continuing core businesses. The prior year basic and adjusted EPS have been re-presented to reflect the EPS of the continuing operations of the Group and to provide comparative information.

The Company has taken advantage of section 408 of the Companies Act 2006 not to present its own income statement.

(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.

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 are included in the Group's results from the effective date of acquisition. The results of companies disposed of during the year are included up to the effective date of disposal.

The Group adopts the parent 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 a put option over shares held by a minority, the Group derecognises the minority interest and instead recognises a contingent deferred consideration liability 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. Where the Group has a call option over shares held by a minority, the Group continues to recognise the minority until it is certain that the option will be called. At that point the accounting treatment is the same as for a put option.

1 Basis of preparation continued

(b) Basis of consolidation – Group continued

Intercompany transactions, balances and unrealised gains on transactions between Group companies (the Company and its subsidiaries) are eliminated as part of the consolidation process. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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.

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) Business combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the costs of the acquisition are less than the fair value of the net assets acquired, the difference is recognised directly in the income statement. When the Group increases its investment in an entity resulting in an associate becoming a subsidiary, the intangibles related to the acquisition have been valued and the element of those not previously recognised as a share of net assets have been recorded as revaluation gains realised in the year in other comprehensive income.

2 Segmental information

The Group has re-presented the segmental results as a result of adopting IFRS8 "Operating Segments" from 1 April 2009. There is no effect on the overall results of the Group.

The Group has determined its operating segments based on the management information reviewed on a regular basis by the ICAP plc board. The Group considers the executive members of the ICAP plc board to be the Chief Operating Decision Maker (CODM).

The CODM considers the business to consist of core and new business elements. The core business consists of regional voice brokerage businesses in EMEA, Americas and Asia Pacific, a global electronic brokerage business active in fixed income and FX markets and a global post trade risk and information business. Each of these five core business areas are managed and reviewed by the CODM on a standalone basis and, as such, are considered segments. In addition the CODM separately manages and reviews a portfolio of new business initiatives which were either acquired or started during the course of the past two financial years. Each of the operating segments of the Group is managed by one or more members of the Global Executive Management Group (GEMG). The management of new businesses is dependent on which core area the business will eventually become a part of.

Notes to the financial statement continued

2 Segmental information continued

For the current financial year the new businesses segment includes the Group's investments in ICAP Shipping, Arkhe and Link along with a number of smaller acquisitions and new initiatives. The CODM anticipates that this segment will be dynamic with new businesses, which represent a diversification of ICAP's existing business, joining the segment on acquisition or at inception. These businesses will normally be reported within this segment for two financial years while the business is integrated within ICAP or, in the case of start-up businesses, move towards operational maturity. The segment will be reviewed at the start of each year and the comparatives restated to reflect any reclassifications between the core and new business segments. For the period commencing 1 April 2010, it is expected that Link and ICAP Shipping, both of which have been owned for two years, will be reported in the core voice segments, with comparatives restated to show impact. TriOptima, a business in which the Group has had a 38.22% shareholding, will be reported within post trade risk and information. The now discontinued cash equities business had previously been disclosed within the new business segment at the interim reporting period.

The Group continues to disclose an operating segment for the voice business in Asia Pacific even though this segment does not meet the quantitative thresholds to be mandatory under IFRS8, "Operating Segments". This is to reflect the importance of the Asia Pacific region to the Group and the way the Group is managed.

	Year ended 31 March 2010						
	Core voice broking			Electronic broking £m	Post trade risk and information £m	New businesses £m	Total £m
	EMEA £m	Americas £m	Asia Pacific £m				
Continuing operations							
Revenue	506	434	96	252	142	175	1,605
Operating profit before amortisation and impairment of intangibles arising on consolidation and exceptional items	115	80	1	100	69	(11)	354
Reconciliation to the consolidated income statement:							
Amortisation and impairment of intangibles arising on consolidation							(61)
Exceptional items							(26)
Operating profit							267
Finance income							7
Finance costs							(35)
Share of profit of associates after tax							8
Profit before tax from continuing operations							247
Tax							(83)
Profit for the year from continuing operations							164
Loss after tax from discontinued operations							(48)
Profit for the year							116

2 Segmental information continued

	Year ended 31 March 2009						
	Core voice broking			Electronic broking £m	Post trade risk and information £m	New businesses £m	Total £m
	EMEA £m	Americas £m	Asia Pacific £m				
Continuing operations							
Revenue	520	423	96	252	124	170	1,585
Operating profit before amortisation and impairment of intangibles arising on consolidation and exceptional items	135	76	(2)	88	61	7	365
Reconciliation to the consolidated income statement:							
Amortisation and impairment of intangibles arising on consolidation							(63)
Exceptional items							—
Operating profit							302
Finance income							19
Finance costs							(43)
Share of profit of associates after tax							7
Profit before tax for continuing operations							285
Tax							(95)
Profit for the year for continuing operations							190
Loss after tax from discontinued operations							(4)
Profit for the year							186

Revenue earned by product type from continuing operations is disclosed below.

Product type	Year ended 31 March 2010	Year ended 31 March 2009
Interest rates	630	678
FX	292	245
Equities	163	184
Emerging markets	141	127
Credit	204	192
Commodities	175	159
Total revenue	1,605	1,585

Notes to the financial statement continued

3 Discontinued operations

The income statement and statement of cash flows of ICAP Equities Limited and ICAP Equities Asia Limited have been presented as discontinued operations following the decision of the Group's board on 22 March 2010 to close the Europe and Asia Pacific integrated full service agency cash equities businesses. These businesses were closed as at the balance sheet date.

(a) Results of discontinued operations

An analysis of the results of discontinued operations presented within the consolidated income statement is as follows:

	As at 31 March 2010 £m	As at 31 March 2009 £m
Revenue	24	16
Operating expenses	(49)	(20)
Tax	7	—
Loss after tax of discontinued operations before exceptional items	(18)	(4)
Exceptional items	(41)	—
Tax	11	—
Loss after tax of discontinued operations	(48)	(4)

	As at 31 March 2010 £m	As at 31 March 2009 £m
(b) Cash flows of discontinued operations		
Operating cash flows	(5)	(11)
Investing cash flows	—	(12)
Financing cash flows	—	28
Total cash flows	(5)	5

4 Exceptional items

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Exceptional items – continuing businesses		
SEC settlement and other related fees	(21)	—
Reorganisation of cash equities business	(5)	—
Total exceptional items before tax – continuing business	(26)	—
Tax	4	—
Total exceptional items after tax – continuing businesses	(22)	—
Exceptional items – discontinued business		
Reorganisation of cash equities business	(41)	—
Tax	11	—
Total exceptional items after tax – discontinued business	(30)	—

On 18 December 2009 ICAP Securities USA LLC, a US subsidiary of ICAP plc, announced that it had agreed to a settlement with the SEC, with regard to a multi-year industry wide investigation into the markets in certain fixed income securities, without admitting or denying allegations of any wrongdoing. An exceptional item of £21m has been recognised in 2009/10 to cover the SEC settlement together with related costs.

On 15 February 2010 the Group announced that it was undertaking a strategic review of its cash equities business and, on 22 March 2010, announced that it was going to discontinue its EMEA and Asia Pacific integrated full service agency cash equities business. An exceptional charge of £46m has been recognised in respect of the estimated cost of the closure, which covers personnel costs, write off of assets and provisions against onerous contracts. The Europe and Asia Pacific cash equities businesses were closed at the balance sheet date.

5 Tax

Tax charged to the consolidated income statement in the year

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Current tax		
UK Corporation Tax at 28% (2009 – 28%)		
– current year	30	43
– double tax relief	(1)	(1)
– adjustment to prior years	(1)	–
Overseas tax		
– current year	68	52
– adjustment to prior years	(4)	(10)
	92	84
Deferred tax	(9)	11
Total tax charged to consolidated income statement – continuing operations	83	95
Tax credited to the consolidated income statement for discontinued operations can be analysed as follows:		
Tax credit on discontinued operations, excluding exceptional items	(7)	–
Tax credit on exceptional items – discontinued operations	(11)	–
Total tax credit to the consolidated income statement – discontinued operations	(18)	–
Total tax charged to the consolidated income statement	65	95
Tax charged to the consolidated income statement for continuing operations can be analysed as follows:		
Total tax charged to the consolidated income statement – continued operations	83	95
Tax credit on amortisation and impairment of intangible assets arising on consolidation	20	22
Tax credit on exceptional items – continuing operations	4	–
Tax on profit before amortisation, impairment of intangible assets arising on consolidation and exceptional items	107	117

Tax charged/(credited) to other comprehensive income in the year

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Current tax credit on share-based payments	(9)	(5)
Current tax charge/(credit) on exchange adjustments	2	(20)
Current tax charge/(credit) on hedging instruments	12	(18)
Net current tax on items recognised in other comprehensive income	5	(43)
Deferred tax credit on revaluation of available-for-sale investments	–	(1)
Deferred tax charge on share-based payments	1	4
Net deferred tax on items recognised in other comprehensive income	1	3

The Group's tax charge exceeds the UK statutory rate and can be reconciled as follows:

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Profit before tax from continuing operations	247	285
Tax on profit at the standard rate of Corporation Tax in the UK of 28% (2009 – 28%)	69	80
Expenses not deductible for tax purposes	12	11
Adjustments to deferred tax in respect of prior years	(1)	1
Adjustments in respect of foreign tax rates	10	15
Adjustments to current tax in respect of prior years	(5)	(10)
Adjustments in respect of associates	(2)	(2)
Tax charge from continuing operations	83	95

Notes to the financial statement continued

6 Dividends

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2009 of 12.35p per ordinary share (2008 – 11.95p)	79	76
Interim dividend for the year ended 31 March 2010 of 5.11p per ordinary share (2009 – 4.7p)	33	30
Total dividend recognised in year	112	106

The directors have proposed a final dividend of 12.44p per ordinary share for the year ended 31 March 2010. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by shareholders. Based on the number of shares in issue at the year end, the total amount payable would be £81m.

The right to receive dividends has been waived in respect of the Treasury Shares and shares held in employee share trusts.

The final dividend for the year ended 31 March 2009 was satisfied with a cash payment of £59m and a scrip dividend of 4,567,807 ICAP plc ordinary shares of 10p each issued at £4.333 (value £20m).

7 Earnings per ordinary share

The Group is required to disclose basic and diluted EPS on the face of the income statement. The Group continues to calculate adjusted EPS as it believes that it is the most appropriate measurement since it better reflects the business's underlying cash earnings and, for the current financial year, has further analysed this to show the adjusted EPS for continuing operations.

Basic EPS is calculated by dividing the profit for the year attributable to the equity holders of the Company of £116m (2009 – £175m) by the weighted average number of ordinary shares in issue during the year of 643m shares (2009 – 634m).

Adjusted basic EPS from continuing operations is calculated by dividing the profit for the year from continuing operations before the effect of amortisation and impairment of intangibles arising on consolidation and exceptional items attributable to the equity holders of the Company of £226m (2009 – £220m) by the weighted average number of ordinary shares in issue during the year of 643m shares (2009 – 634m). The weighted average number of ordinary shares in issue excludes the weighted average number of shares held as Treasury Shares of 2m (2009 – 1m) and those owned by employee share trusts relating to employee share schemes on which dividends have been waived, being 9m shares (2009 – 14m).

Unadjusted and adjusted diluted EPS takes into account the dilutive effect of share options outstanding under the Company's employee share schemes.

The Group has also disclosed the impact of discontinued operations on the basic, diluted and adjusted EPS.

(a) EPS relating to the Group's total operations

Basic and diluted	Year ended 31 March 2010			Year ended 31 March 2009		
	Earnings £m	Shares millions	Earnings per share pence	Earnings £m	Shares millions	Earnings per share pence
Basic	116	643	18.0	175	634	27.6
Dilutive effect of share options	–	11	(0.3)	–	16	(0.7)
Diluted basic	116	654	17.7	175	650	26.9

Adjusted basic and diluted	Year ended 31 March 2010			Year ended 31 March 2009		
	Earnings £m	Shares millions	Earnings per share pence	Earnings £m	Shares millions	Earnings per share pence
Basic	116	643	18.0	175	634	27.6
Amortisation and impairment of intangibles arising on consolidation net of tax and minority interest	40	–	6.2	41	–	6.5
Exceptional items net of tax (note 4)	52	–	8.1	–	–	–
Adjusted basic	208	643	32.3	216	634	34.1
Dilutive effect of share options	–	11	(0.5)	–	16	(0.9)
Adjusted diluted	208	654	31.8	216	650	33.2

7 Earnings per ordinary share continued

(b) EPS relating to the Group's continuing operations

Basic and diluted	Year ended 31 March 2010			Year ended 31 March 2009		
	Earnings £m	Shares millions	Earnings per share pence	Earnings £m	Shares millions	Earnings per share pence
Basic	164	643	25.5	179	634	28.2
Dilutive effect of share options	–	11	(0.4)	–	16	(0.7)
Diluted basic	164	654	25.1	179	650	27.5

Adjusted basic and diluted	Year ended 31 March 2010			Year ended 31 March 2009		
	Earnings £m	Shares millions	Earnings per share pence	Earnings £m	Shares millions	Earnings per share pence
Basic	164	643	25.5	179	634	28.2
Amortisation and impairment of intangibles arising on consolidation net of tax and minority interest	40	–	6.2	41	–	6.5
Exceptional items net of tax (note 4)	22	–	3.4	–	–	–
Adjusted basic	226	643	35.1	220	634	34.7
Dilutive effect of share options	–	11	(0.5)	–	16	(0.9)
Adjusted diluted	226	654	34.6	220	650	33.8

(c) EPS relating to the Group's discontinued operations

Basic and diluted	Year ended 31 March 2010			Year ended 31 March 2009		
	Earnings £m	Shares millions	Earnings per share pence	Earnings £m	Shares millions	Earnings per share pence
Basic	(48)	643	(7.5)	(4)	634	(0.6)
Dilutive effect of share options	–	11	0.1	–	16	–
Diluted basic	(48)	654	(7.4)	(4)	650	(0.6)

Adjusted basic and diluted	Year ended 31 March 2010			Year ended 31 March 2009		
	Earnings £m	Shares millions	Earnings per share pence	Earnings £m	Shares millions	Earnings per share pence
Basic	(48)	643	(7.5)	(4)	634	(0.6)
Amortisation and impairment of intangibles arising on consolidation net of tax and minority interest	–	–	–	–	–	–
Exceptional items net of tax (note 4)	30	–	4.7	–	–	–
Adjusted basic	(18)	643	(2.8)	(4)	634	(0.6)
Dilutive effect of share options	–	11	–	–	16	–
Adjusted diluted	(18)	654	(2.8)	(4)	650	(0.6)

Notes to the financial statement continued

8 Acquisitions

Subsidiaries

(a) Subsidiaries – current year

TriOptima AB (TriOptima)

On 24 March 2010, the Group acquired the remaining 61.78% of the share capital of TriOptima, a supplier of post trade processing services, for an initial cash consideration of Swedish Krona (SEK)1,288m (£119m), together with a further amount in respect of deferred consideration. At the close of the acquisition SEK1,216m (£112m) was paid with a further SEK72m (£7m) paid on 10 May 2010 following approval of the 2009 financial statements.

Contingent deferred consideration is payable, in two tranches, following the approval of the TriOptima 2010 and 2012 financial statements and is conditional on the business achieving a minimum pre-tax profit margin and revenue target. The Group has set stretching revenue and profit targets and therefore does not currently expect to pay any deferred consideration. Total deferred consideration is capped at €293 million and can be settled at ICAP's discretion in cash, ICAP plc ordinary shares or a combination thereof.

The fair value adjustments include the recognition of intangible assets arising on consolidation of €81m (£73m) represented by customer relationships of €58m (£52m), trademarks of €9m (£8m) and software of €14m (£13m) which will be amortised over five years, and a deferred tax liability of €21m (£19m). The Group's share of the identifiable assets and liabilities acquired in previous transactions has been revalued with the credit of €50m (£45m) recognised in other comprehensive income.

The Group has considered the financial profile of the business and, in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", considers the functional currency to be euro and, as such, has recorded the goodwill and intangibles in euros.

Goodwill of €57m (£50m) has been recognised in respect of assets which are not separately identifiable, principally the assembled work force and potential future growth of the business.

In the period from acquisition to 31 March 2010, TriOptima contributed £1m to revenue and was break-even before tax, amortisation of intangibles arising on consolidation and exceptional items. If the acquisition had occurred on the first day of the financial year, the contribution would have been £60m of revenue and £27m profit before tax.

During the period 1 April 2009 to 24 March 2010 the Group recognised profit on a post-tax basis of £7m as associate income based on its 38.22% shareholding.

Arkhe Distribuidora De Títulos E Valores Mobiliários S.A. (Arkhe)

On 13 July 2009, the Group completed the acquisition of 100% of the share capital of Arkhe, a leading independent broker in Brazil, for an initial consideration of Real (R) \$20m (£6m). Contingent deferred consideration, based on the average operating profit of Arkhe and certain complementary ICAP businesses for the three years from 1 July 2009 to 30 June 2012, will be paid in August 2012. Total consideration is capped at \$55m (£33m) (equivalent to R\$107m at current exchange rates).

The fair value adjustments include the recognition of intangible assets arising on consolidation of R\$22m (£7m) represented by customer relationships of R\$20m (£6m) and the brand value of R\$2m (£1m) which are being amortised over seven years, and other provisions R\$122m (£38m). Other provisions are for contingent liabilities that existed at acquisition, but were not previously recognised by Arkhe.

The initial consideration and any future contingent deferred consideration will be held in escrow together with the proceeds earned by the vendors by selling certain assets, for a period of up to six years and may be used to settle any of the contingent liabilities. The Group has recognised an asset of R\$20m (£6m) which represents the cash currently held in escrow.

Goodwill of R\$96m (£29m) has been recognised in respect of assets which are not separately identifiable, principally the assembled workforce and potential future growth of the business.

In the period from the acquisition to 31 March 2010, the Arkhe business has been integrated with certain complementary Group businesses and the results of the acquired business are no longer distinguishable from the combined business.

8 Acquisitions continued

	TriOptima		Arkhe		Others		Total	
	Book value £m	Provisional fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Provisional fair value £m
Net assets acquired								
Intangible assets arising on consolidation	-	73	-	7	-	2	-	82
Tangible assets	1	1	-	-	-	-	1	1
Cash and cash equivalents	11	11	2	2	-	-	13	13
Trade and other receivables	11	11	22	28	-	-	33	39
Trade and other payables	(7)	(7)	(18)	(54)	-	-	(25)	(61)
Deferred tax liability	-	(19)	-	-	-	-	-	(19)
	16	70	6	(17)	-	2	22	55
Goodwill		50		29		10		89
Consideration		120		12		12		144
Satisfied by:								
- cash		112		6		3		121
- acquisition costs capitalised		1		1		-		2
- shares issued		-		-		3		3
- deferred consideration		7		-		-		7
- contingent deferred consideration		-		5		6		11
		120		12		12		144

(b) Subsidiaries – prior year

Reset

In March 2009, the remaining minority shareholder exercised their option to require ICAP to acquire the remaining 15% of Reset. The total cash consideration of \$41m (£29m) was paid in April 2009 with \$2m (£1m) deferred.

Link

In April 2009, ICAP paid the former owner of Link £14m as the first part of the contingent deferred consideration due. As at 31 March 2010, there was £13m of contingent deferred consideration outstanding.

9 Matched Principal Transactions

Matched principal transactions are those where the Group acts in a non-advisory capacity as principal in the commitment to purchase and sell securities and other financial instruments through two or more transactions between our customers. Such trades have no contractual settlement date and are complete only when all sides of the transaction are settled, and therefore an aged analysis of matched principal trade receivables is not appropriate. Substantially all matched principal receivables and payables settle within a short period of time, usually within three days of trade date. Any unsettled trades that have gone beyond their normal settlement date remain in matched principal receivables or payables as appropriate.

The gross amount of matched principal transactions included in both trade and other receivables and trade and other payables is £58,626m (2009 – £30,446m).

Certain Group companies are involved in collateralised stock lending transactions as an intermediary between counterparties. The gross amount of these transactions included within trade and other receivables and trade and other payables is £1,034m (2009 – £865m).

Notes to the financial statement continued

10 Borrowings

Long-term borrowings

	Group		Company	
	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
As at 1 April	270	97	–	–
New long-term borrowings	257	285	–	285
Issue costs capitalised	3	–	–	–
Amortisation of issue costs	(1)	–	–	–
Repaid in the year	(135)	(150)	–	(285)
Exchange adjustment	(1)	38	–	–
Fair value hedging adjustment	2	–	–	–
As at 31 March	395	270	–	–
Analysis of long-term borrowings				
Subordinated loan notes repayable 2015	127	135	–	–
Five year senior notes	268	–	–	–
Amortising term loan	–	135	–	–
As at 31 March	395	270	–	–

In June 2005, the Group issued \$225m of guaranteed subordinated loan notes repayable in 2015. The issue consisted of \$32m floating rate notes and a further \$193m of notes with a fixed coupon of 5.84% for the first five years and LIBOR plus 1.95% thereafter. In June 2007 the Group redeemed the floating rate notes at par. The carrying value of the loan notes of £270m includes a fair value hedging adjustment of £2m relating to the mark-to-market of the interest rate portion of the notes. The balance of £268m is net of fees of £2m.

On 28 July 2009, the Group issued €300m of five-year senior notes (the “Notes”) with a coupon of 7.5% under its Global Medium Term Note programme. The Notes were issued at a price of €99.496, accounted for using the effective interest rate base and shown net of both this discount and fees of £2m directly attributable to the issue. The Notes rank as senior obligations of the issuer and provide the investors, following a change in the Company’s ownership, with the right to put the Notes at par in the event that the rating assigned to the Notes falls below investment grade. The Notes are listed and traded on the London Stock Exchange’s regulated market. At 31 March 2010 the Notes were rated BBB+ by Fitch Ratings Limited (Fitch) and Baa2 by Moody’s Investors Service Limited (Moody’s). In the event that either of these ratings fall below investment grade the coupon payable on the Notes will increase by 1.25% until such time as an investment grade rating is restored.

In April 2008, the Group entered into a 364-day, £150m term loan with The Royal Bank of Scotland to finance the acquisition of Link. The Group subsequently restructured the loan into a £135m amortising term loan on 17 November 2008. The restructured term loan was priced at LIBOR plus 3.0% and was repaid on 28 July 2009. The weighted average effective interest rate for the year was 3.8% (31 March 2009 – 6.0%).

To enable the Group to manage the translational exposure which arises as a result of the Notes being denominated in euros and to meet its risk management objective of minimising both interest cost and the impact of interest volatility on its income statement, the Group entered into a number of cross-currency swaps to convert its obligations over the life of the Notes from euros to pound sterling. The first €100m of the Notes have been swapped from a fixed euro-denominated coupon of 7.5% to a fixed pound sterling denominated coupon of 8.58% and the remaining €200m from a fixed euro-denominated coupon of 7.5% to a floating pound sterling denominated coupon of six month LIBOR+ 4.92%. The fixed to fixed swaps have been accounted for as a cash flow hedge and at 31 March 2010 have a fair market value of £2m (2009 – nil). These swaps offset the effect of FX on the Notes, which resulted in a nil charge being recognised in the income statement and £3m in equity during the year. The fixed to floating swaps have been treated as a fair value hedge, have a fair market value of £11m (2009 – nil) at 31 March 2010 and resulted in a net £2m gain being recognised in the income statement during the year.

10 Borrowings continued

Short-term borrowings and overdrafts

	Group		Company	
	As at 31 March 2010 £m	As at 31 March 2009 £m	As at 31 March 2010 £m	As at 31 March 2009 £m
Bank overdrafts	—	14	—	—
Revolving credit facility – net of fees	217	275	—	—
European commercial paper	40	—	40	—
	257	289	40	—

In March 2008, the Group entered into a three-year unsecured revolving credit facility of which £473m is available for general corporate purposes including the financing of acquisitions, with the remaining \$94m used as a swingline to meet margin calls. The drawings under the revolving credit facility as at 31 March 2010 of £217m (2009 – £277m) are net of capitalised fees of £nil (2009 – £2m). To take advantage of lower short-term interest rates, the amounts drawn as at 31 March 2010 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 1.0% (2009 – 3.5%).

On 7 May 2010, the Group refinanced its existing £473m three-year unsecured revolving credit facility and \$94m swingline with a new \$880m revolving credit facility incorporating an up to \$200m swingline facility, and matures on 31 May 2013. The facility carries a floating interest rate at LIBOR plus 2% with an additional 0.50% payable dependent on the debt to earnings ratio.

During March 2009, the Group put in place a €500m European Commercial Paper programme to provide access to short-term liquidity to provide an alternative mechanism to finance the Group's working capital and margin requirements. At 31 March 2010 the Group had in issue €45m (£40m) (2009 – nil) from the programme which is due to be repaid by June 2010. The weighted average expected interest rate was 1.0%.

Bank overdrafts are for short-term funding and are repayable on demand, and are generally being 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 2010.

Under the terms of the Group's bank financings, the Company is required to remain as the ultimate holding company in the Group. A change in ownership of the Company could result in the Group's new three-year unsecured revolving credit facility becoming repayable.

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

	Group	
	As at 31 March 2010 £m	As at 31 March 2009 £m
Maturity of undrawn committed borrowing facilities		
Within one year	—	—
Between one and two years	318	336
Between two and five years	—	—
As at 31 March	318	336

As at 31 March 2010, the Company was rated BBB+ by Fitch and Baa2 by Moody's. There has been no changes in ratings since 31 March 2009.

Notes to the financial statement continued

11 Cash flow

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

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Profit before tax from continuing operations	247	285
Loss before tax from discontinued operations (note 3)	(66)	(4)
Discontinued operations exceptional item (note 4)	41	–
Operating exceptional items	26	–
Share of operating profits of associates after tax	(7)	(7)
Amortisation and impairment of intangible assets arising on consolidation	61	63
Amortisation and impairment of intangible assets arising from development expenditure	23	18
Depreciation of property and equipment	22	23
Other amortisation and impairments	4	3
Share-based payments	10	8
Profit on disposal of available-for-sale investments	–	(4)
Net finance expense	28	24
Operating cash flows before movements in working capital	389	409
Decrease in trade and other receivables	26	55
Decrease in trade and other payables	(53)	(8)
Net receipts in respect of financial assets held at fair value	4	(1)
Cash generated by operations before exceptional items	366	455
Operating exceptional items paid	(21)	–
Cash generated by operations	345	455
Interest received	3	15
Interest paid	(17)	(34)
Tax paid	(55)	(82)
Net cash flow from operating activities	276	354

The movement in trade and other receivables and trade and other payables excludes the impact of the gross-up of matched principal trades as permitted by IAS7 'Statement of cash flow'. The gross-up has no impact on the cash flow or net assets of the Group. The cash flow movement in trade and other receivables includes the net movement on matched principal transactions and deposits for securities borrowed/loaned. The movement for the year ended 31 March 2010, after accounting for acquisitions, is an inflow of £20m (2009 inflow of £7m).

For details of the cash flow related to discontinued operations see note 3.

11 Cash flow continued**(b) Net cash and cash equivalents**

Net cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Net cash and cash equivalents comprise the following amounts:

	As at 31 March 2010 £m	As at 31 March 2009 £m
Cash and cash equivalents included in current assets	504	433
Short-term bank overdrafts	—	(14)
Net cash and cash equivalents	504	419

(c) Net debt

Net debt comprises cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, bank overdrafts and other debt.

	As at 31 March 2010 £m	As at 31 March 2009 £m
Gross debt	(652)	(545)
Cash and cash equivalents	504	419
Net debt	(148)	(126)

12 Events after the balance sheet date

On 7 May 2010, the Group refinanced its existing £473m three-year unsecured revolving credit facility and \$94m swingline with a new \$880m revolving credit facility incorporating an up to \$200m swingline facility, and matures on 31 May 2013. The facility carries a floating interest rate at LIBOR plus 2% with an additional 0.50% payable dependent on the debt to earnings ratio.

13 Exchange rates

The principal exchange rates which affect the Group, expressed in currency per pound sterling, are shown below:

	Closing rate as at 31 March 2010	Closing rate as at 31 March 2009	Average rate year ended 31 March 2010	Average rate year ended 31 March 2009
Dollar	1.52	1.43	1.59	1.72
Euro	1.12	1.08	1.13	1.21
Yen	141.74	141.57	147.35	174.74

Statement of directors' responsibilities for the Annual Report

The directors are responsible for preparing the Annual Report, the remuneration 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 Company and Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. 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 responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors are also required by the Disclosure and Transparency Rules of the FSA to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company and the Group.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose name and function is listed in the directors' profiles, confirms that, to the best of his knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report contained in the business review includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Related Parties

The Group has considered related parties and there have been no material changes since those previously reported at 31 March 2009 and 30 September 2009.