Press Release

ICAP plc half year results for the six months ended 30 September 2015

Demand for Post Trade driving growth

London, 11 November 2015 – ICAP plc (IAP.L), a leading markets operator and provider of post trade risk mitigation and information services, announces today its results for the six months ended 30 September 2015.

£m	Half year to 30 September 2015 ('H1 2015/16')	Half year to 30 September 2014 ('H1 2014/15')	Change (%)
Revenue	595	620	(4)
Trading* operating profit	110	100	10
Trading profit before tax ('PBT')	101	86	17
Profit before tax	83	36	131
Trading EPS (basic)	13.0p	10.1p	29
EPS (basic)	12.0p	4.5p	167
Interim dividend per share	6.60p	6.60p	-

*before acquisition and disposal costs and exceptional items.

Group Highlights

- Group revenue from continuing businesses increased by 4%, and by 1% on a constant currency basis
- 35% increase in TriOptima's revenue (on a constant currency basis) drove the 8% revenue growth to £119 million in the Post Trade Risk and Information division
- £39 million invested in new product initiatives up 34%
- Electronic Markets and Post Trade Risk and Information generated 77% of the Group's trading operating profit
- Trading profit before tax increased 17% to £101 million despite ongoing cyclical and structural headwinds
- Trading EPS (basic) increased 29% to 13.0p
- Interim dividend payment to shareholders maintained at 6.60p per share
- Proposed transformational transaction with Tullett Prebon to combine IGBB and create a focused electronic and post trade services Group (see separate announcement)

Michael Spencer, Group Chief Executive Officer, said: "We have continued to make progress against our strategic priorities. Our first half performance benefited from the investment we have made in our people, technology and products, and we've made good progress with new business initiatives. It's been an active six months during which EBS BrokerTec significantly increased FX volume in Asian emerging market currencies, strong revenue growth continued at TriOptima driven by demand for risk reduction and reconciliation services, and Euclid made further strategic investments.

"Since our Q1 trading update low levels of volatility have continued in both rates and G7 currencies, risk appetite remains subdued and the timing of any interest rate moves remains uncertain. Despite this challenging backdrop, we remain well positioned to benefit from any future improvement in trading conditions.

"Today we announced that we have agreed terms to sell our Global Broking and associated information services business to Tullett Prebon. This compelling opportunity will create a significant value for ICAP shareholders and represents a step change in transforming ICAP into a focused electronic and post trade services Group."

Presentation of information

This document comprises the half year results to 30 September 2015 for ICAP plc ('ICAP') and its subsidiary undertakings (together 'ICAP' or 'the Group'). It contains the Interim Management Report, Directors' Statement of Responsibilities and Financial Statements together with the Independent Auditor's Review Report, as required by the Financial Conduct Authority's ('FCA') Disclosure and Transparency Rules ('DTR'). The Financial Statements and related notes are prepared in accordance with IAS34 'Interim Financial Reporting'.

Cautionary statement regarding forward-looking statements

This Half-Yearly Financial Report contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group.

Certain statements that are not historical facts, including statements about the Group's beliefs and expectations, are forward-looking statements. Words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', variations of these words and similar expressions are intended to identify forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and it should not be assumed that they have been revised or updated in the light of new information or subsequent events.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

Analysts and investors briefing

There will be a briefing for analysts and investors at 10.20am (GMT) on Wednesday 11 November 2015 at The Brewery, 52 Chiswell Street, London EC1Y 4SD. A webcast of the presentation made to analysts will be available at www.icap.com

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About ICAP

ICAP is a leading markets operator and provider of post trade risk mitigation and information services. The Group matches buyers and sellers in the wholesale markets in interest rates, credit, commodities, FX, emerging markets and equity derivatives through electronic and voice networks. Through our post trade risk and information services ICAP helps its customers manage and mitigate risks in their portfolios. For more information go to www.icap.com

Interim Management Report

Review of operations

Financial performance

For the six months ended 30 September 2015, the Group reported revenue of £595 million, 4% below the prior half year. On a constant currency basis, revenue from Post Trade Risk and Information increased by 8% and Electronic Markets by 1% which was offset by a decrease of 14% in Global Broking. On a continuing basis, Global Broking revenue was down 1% on the prior half year.

Ongoing challenging market conditions for the six months ended 30 September 2015 impacted the trading performance of the Group. A combination of structural and cyclical factors including historically low interest rates, flat yield curves and bank deleveraging continued to constrain trading activity in Global Broking. Some of the revenue loss within Global Broking was as a result of closed businesses as the Group successfully completed its restructuring programme.

In Electronic Markets, volumes in G7 currencies were relatively mixed due to the lack of central bank policy changes. In contrast volatility in emerging markets currencies benefited from macro instability over the period. Demand for Post Trade Risk and Information products was driven by increased participation in triReduce portfolio compression cycles and the uptake of the portfolio reconciliation service, triResolve. The division's performance continues to be held back by Reset as flat short-term yield curves continued to restrain activity levels.

Consistent with the Group's growth strategy, significant investment was made during the period in the Electronic Markets and Post Trade Risk and Information divisions. The cash investment made during the period in new products and services, principally the development of new products on the EBS Direct platform, the BrokerTec Direct platform and the expansion of TriOptima's and Traiana's product portfolio amounted to £39 million (H1 2014/15 - £29m).

The Group reported a trading operating profit of £110 million, a 10% increase on the same period last year. The Group's trading operating profit margin increased to 19% (H1 2014/15 – 16%). The proportion of the Group's trading operating profit generated from the Electronic Markets and Post Trade Risk and Information divisions was 77%.

Group trading profit before tax of £101 million and trading EPS (basic) of 13.0p increased by 17% and 29% on the prior half year respectively reflecting an increase in the trading operating profit across Post Trade Risk and Information and Global Broking and a positive movement in the US dollar rate. In addition, net finance expense for the period decreased by £5 million largely due to prior period impact of double running interest expense on the €350 million senior notes issued in March 2014 and the €300 million senior notes up to their maturity in July 2014.

Profit before tax for the period was £83 million (H1 2014/15 - £36 million), reflecting a £10 million decrease in acquisition and disposal costs and £22 million of exceptional items recognised in the prior year. Basic EPS increased by 167% to 12.0p.

Dividend

Consistent with previous practice, ICAP's interim dividend per share has been calculated at 30% of the prior year's full year dividend. An interim dividend of 6.60p per share (H1 2014/15 – 6.60p per share) covering the six month period to 30 September 2015 will be paid on 5 February 2016 to shareholders on the register at 8 January 2016. The shares will be quoted ex-dividend from
7 January 2016.

Outlook

Despite the subdued activity during the period, the Group continues to invest in new innovative solutions which will continue to grow the addressable market. Management remains cautiously optimistic that macroeconomic factors will partly offset the impact of further bank deleveraging by many of ICAP's bank customers. A strong new product pipeline and positive customer feedback for our electronic and post trade products underpins the confidence in the fundamental strength of the business.

Electronic Markets

EBS BrokerTec is a leading electronic trading platforms and solutions business in foreign exchange and fixed income. These platforms offer efficient and effective trading solutions to customers in more than 50 countries across a range of instruments including spot FX, US Treasuries, European government bonds and EU and US repo. These electronic platforms are built on ICAP's bespoke networks connecting participants in financial markets.

£m		H1 2015/16	H1 2014/15	Change (%)
Revenue				
BrokerTec		64	62	3
EBS		64	56	14
Other		3	4	(25)
Total revenue	-reported	131	122	7
	-constant currency		130	1
Trading operating profit		40	41	(2)
Trading operating profit margin (%)		31	34	(3ppt)

For the six months ended 30 September 2015, Electronic Markets revenue increased by 1% on a constant currency basis and by 7% on a reported basis to £131 million (H1 2014/15 – £122 million). The trading operating profit marginally fell to £40 million (H1 2014/15 - £41 million) and the trading operating profit margin decreased to 31% as a result of the £30 million investments in new products and services that are to be launched over the next 18 months.

BrokerTec

BrokerTec is a global electronic platform for the trading of US Treasuries, European government bonds and US and European repos. BrokerTec facilitates trading for institutions, banks and non-bank professional trading firms.

For the six months ended 30 September 2015, revenue decreased by 3% on a constant currency basis and increased by 3% on a reported basis to £64 million (H1 2014/15 - £62 million) as a result of the platform's dollar exposure. This performance reflects an 8% increase in US Treasury average daily volume to $170 billion, a 3% decrease in US repo to $210 billion and a 5% decrease in European repo to €178 billion.

During the period, BrokerTec benefitted from an increase in volatility as a result of speculation around the timing of an increase in US interest rates, central bank action in China and uncertainty around the implications of further instability in Greece. While these developments resulted in an increase in trading activity and in addition, the platform benefitted from a stronger market position in the interdealer US Treasury on-the-run market, the revenue impact was partly offset by the BrokerTec tariff structure which provides for volume-based tiered pricing.

The repo market remains pivotal to the effective functioning of almost all financial markets, and provides an efficient source of collateralised money market funding. During the period both the US and European markets continued to face regulatory headwinds as reduced balance sheet allocation remains an inhibiter of increased activity.

Activity in European government bonds contracted during the period as banks continue to hold less inventory with reduced balance sheet and risk appetite. BrokerTec has been active in launching and extending a number of market making programmes that have successfully seen more primary dealers committing to the platform.

Interim Management Report continued

Electronic Markets continued

The development of BrokerTec Direct, the innovative fully disclosed and relationship-based electronic platform for the trading of on-the-run US Treasuries is expected to launch its pilot trial before the end of the year. The platform will combine the EBS Direct technology together with BrokerTec infrastructure.

EBS

EBS, an electronic FX business, is a reliable and trusted source of orderly, executable and genuine liquidity across major and emerging market currencies. It has responded to changing market dynamics by transitioning from a business with a single offering to one that can support multiple execution methods and multiple ways of trading through a common distribution network.

For the six months ended 30 September 2015, revenue increased by 7% on a constant currency basis and by 14% on a reported basis to £64 million (H1 2014/15 - £56 million) reflecting a 15% increase in average daily volumes to $94 billion. Activity levels in G7 currencies were relatively mixed due to the lack of central bank policy changes. In contrast, volatility in emerging markets currencies benefited from macro instability over the period.

EBS Market, the exchange-like platform, has maintained its position as a primary interbank venue for the trading of the world's most actively traded currency pairs, including euro/dollar and dollar/yen. During the first half of the year and in line with the strategy to expand into growth markets, volume traded in Asian emerging market currency pairs saw further growth of almost 100% over the same period last year. In part, this was driven by the market reaction to slowing GDP growth in emerging markets and the impact of the threat of a US rate rise resulting in a sell-off in emerging market currencies. The dollar/CNH pair has become one of the most actively traded currency pairs on EBS Market. Volume in the first half of the year increased by 110% as activity picked up in August following the devaluation of the currency in China and the platform made market share gains. Non-deliverable forwards also experienced an increase in trading volume as a result of the ongoing electronification of the instrument and the broadening out of activity across a wider range of currencies, resulting in a 75% increase in volume over the same period last year.

EBS eFix, the matching service that is a collaboration between EBS and Global Broking, enables customers to execute Fix interest electronically on the EBS Market platform. The success of eFix Matching has been demonstrated by the significant growth in average daily volume, which has increased by more than 280% over the same period last year. There has also been diversification of the currency pairs traded.

EBS Direct, which launched in November 2013, is a platform that allows liquidity providers to stream tailored prices directly to liquidity consumers. Interest in the platform has continued to grow steadily and the platform now has over 25 liquidity providers compared to 17 last year and over 400 liquidity consumers using the service compared to 268 last year. Given the weaker volume in FX markets, average daily volume on the platform was $17 billion during the period. EBS Direct is expected to remain in an investment phase for the rest of 2015/16 as new functionality, services and products are added to the platform, including the launch of FX swaps and outright forwards.

Interim Management Report continued

Electronic Markets continued

In July 2015, in line with its multi-product expansion strategy, EBS, combined MyTreasury into its product portfolio increasing its product offering to include money market funds and expanding its customer base for FX into the corporate community for the first time. EBS will benefit from MyTreasury's infrastructure, distribution channels and community of more than 300 corporate organisations already actively trading on it.

In September 2015, EBS BrokerTec, announced that it has licensed software from derivatives trading technology company, FX Bridge Technologies Corp. The software will allow EBS BrokerTec to develop a relationship-based FX options solution for the professional trading community.

In October 2015, EBS BrokerTec announced the acquisition of Molten Markets Inc, an FX technology provider for asset managers and pension funds. The acquisition of Molten Markets will enable EBS BrokerTec to provide asset managers with a sophisticated execution management system and innovative trade cost analysis.

Interim Management Report continued

Post Trade Risk and Information

The Post Trade Risk and Information business operates the leading market infrastructure for post trade processing and risk management across asset classes and enables users of financial products to reduce operational and system-wide risks. The services offered by the Post Trade Risk and Information business enable customers to increase the efficiency of trading, clearing and settlement and facilitate the effective management of capital and associated cost.

The portfolio risk services business comprises Reset and TriOptima which identify, neutralise, reconcile and remove risk within portfolios of derivatives transactions; Traiana, which provides pre trade risk and post trade processing solutions; and the information and data sales business.

£m Revenue		H1 2015/16	H1 2014/15	Change (%)
TriOptima		35	29	21
Information Services		40	34	18
Traiana		26	25	4
Reset		18	20	(10)
Total revenue	-reported	119	108	10
	-constant currency		110	8
Trading operating profit		45	42	7
Trading operating profit margin (%)		38	39	(1ppt)

For the six months ended 30 September 2015, revenue increased by 8% on a constant currency basis and by 10% on a reported basis to £119 million (H1 2014/15 - £108 million) reflecting strong revenue growth in TriOptima. Trading operating profit increased to £45 million (H1 2014/15 – £42 million) though the trading operating profit margin decreased marginally to 38% as a result of increased investment in TriOptima and Traiana and reduction in revenue from Reset.

TriOptima

TriOptima, through triReduce and triResolve, is a leader in risk mitigation solutions for OTC derivatives, primarily through the elimination and reconciliation of outstanding transactions. It continues to benefit from the strategic alignment of its offerings with the G20 policy objectives of transparency and risk reduction in the financial system.

For the six months ended 30 September 2015, revenue increased by 35% on a constant currency basis and by 21% on a reported basis to £35 million (H1 2014/15 - £29 million) driven by increased participation in triReduce portfolio compression cycles and the uptake of the portfolio reconciliation service, triResolve.

During the period triReduce terminated $87 trillion of gross notional outstanding (H1 2014/15 – $61 trillion). The more stringent leverage ratio included within the Basel III rules continues to drive demand from banks for the triReduce compression service. Since its launch in 2003, triReduce has eliminated more than $686 trillion in total notional volume from the OTC derivatives market for both bank and non-bank institutions. triReduce is working with multiple clearing houses to facilitate portfolio compression for cleared trades and continues to expand its coverage in this area.

Interim Management Report continued

Post Trade Risk and Information continued

In September, triReduce announced that it had completed the first compression cycle in the CME, eliminating more than $2 trillion of gross notional. triReduce continues to offer new services, including cross currency swaps, in which it has already successfully run compression cycles in 11 currency pairs with dollar/Korean won being the latest addition in June. In October, TriOptima launched the triReduce CLS Forward FX Compression Service completing the first successful compression cycle for FX forwards and swaps transactions.

Strong demand for triResolve continues to be driven by both standard portfolio reconciliation as well as repository reconciliation, as required by new regulation. For repository reconciliation triResolve supports interfaces to both European and US trade repositories. The number of customers using the triResolve service has increased from 1,257 during H1 2014/15 to more than 1,530 who participate in 359,000 party-to-party reconciliations each month (H1 2014/15 – 283,000).

In July, ICAP announced a further investment in AcadiaSoft. The investment is alongside DTCC, Euroclear and thirteen bank investors. TriOptima is working with AcadiaSoft, DTCC and Euroclear to create an open, seamless, end-to-end collateral processing hub for non-cleared derivatives.

triCalculate, the counterparty credit risk analytics service based on an innovative new approach, is now in its pilot phase and is expected to go into commercial launch towards the end of the year.

Information Services

ICAP Information Services (IIS) delivers independent data solutions to financial market participants, generating subscription-based fees from a suite of products and services. ICAP Indices charges licence fees based on financial instruments linked to proprietary indices as well as licensing other index administrators for the use of ICAP data in their indices.

For the six months ended 30 September 2015, revenue increased by 11% on a constant currency basis and 18% on a reported basis to £40 million (H1 2014/15 – £34 million). The IIS product offering and development strategy have expanded to meet the evolution in market demand. IIS has continued to broaden its distribution options based on customer demand.

During the period, IIS launched the BrokerTec European Government Bonds premium pricing data product which provides EGB prices on over 1,000 bonds in 10 countries, aiding price discovery and helping customers conduct effective historical analysis of the EGB market. The Indices and Benchmarks offering has also been developed to include the ICAP Euro Interest Rate Swap Index which is intended to track the return of a strategy that invests in Euro interest rate swaps. The index incorporates proprietary ICAP transaction prices that are published on ISDA reference pages.

Traiana

Traiana operates the leading market infrastructure for pre and post trade risk management and post trade processing across multiple asset classes. Its robust and proven product suite automates trade processing across the life cycle for FX, cash equities, equity swaps, futures, OTC derivatives and fixed income. Traiana's Harmony network connects more than 750 global banks, broker/dealers, buy side firms and trading platforms.

Interim Management Report continued

Post Trade Risk and Information continued

For the six months ended 30 September 2015, revenue decreased by 4% on a constant currency basis and increased by 4% on a reported basis to £26 million (H1 2014/15 – £25 million). An increase in revenue from cross asset subscriptions based services such as Client Link, Credit Link and regulatory reporting was partly offset by a decrease in FX-related volume based services and the prior year one time revenue from the joint venture with CLS.

Traiana continues to innovate, grow and diversify its business into other asset classes, delivering network based solutions for all financial market participants, while also continuing to innovate in FX. There has been a focus on expanding Client Link services to buy side customers.

Reset

Reset is a provider of services that reduce the basis risk within portfolios from fixings in the interest rate, FX and inflation derivatives and bonds markets. Basis risk results from the structure of the instruments traded and unintended mismatches of exposure over time.

Reset's revenue is largely correlated to the movement in both actual and forecast short-term interest rates. For the period ended 30 September 2015, revenue decreased by 14% on a constant currency basis and by 10% on a reported basis to £18 million (H1 2014/15 - £20 million). Whilst Eurozone interest rate volatility declined, prospects for the first US rate rise in a number of years improved demand in US and emerging markets. Reset also expanded its service into a new sector with equity derivatives.

Euclid Opportunities

ICAP is building a portfolio of early-stage technology investments within Euclid Opportunities. The project identifies and provides investment to emerging financial technology firms providing new platforms, business models and technologies that have the potential to drive efficiency, transparency and scale across the post-transaction lifecycle.

During the period Euclid Opportunities invested in Abide Financial, a market-leading global regulatory reporting specialist. The investment will enable Abide Financial to continue to expand its global footprint and capabilities. In addition, Euclid made a further investment in Duco, a London-based fintech provider of hosted reconciliation services. Since launch Euclid has also invested in OpenGamma, an award winning risk analytics platform; Enso Financial, a portfolio analytics provider to asset managers and hedge funds and AcadiaSoft, a collateral hub vendor.

Interim Management Report continued

Global Broking

The Global Broking business is active in wholesale markets across all asset classes as shown below:

Revenue by asset classes £m		H1 2015/16	H1 2014/15	Change (%)
Rates		119	133	(11)
Commodities		61	72	(15)
Emerging markets		57	66	(14)
Equities		57	51	12
FX and money markets		33	36	(8)
Credit		18	32	(44)
Total revenue	-reported	345	390	(12)
	-constant currency		400	(14)
Trading operating profit		25	17	47
Trading operating profit margin (%)		7	4	4

On a continuing basis, excluding restructured or partially sold businesses which were part of the recent cost saving programme, the revenue from Global Broking asset classes was as below:

Revenue by asset classes (continuing) £m		H1 2015/16	H1 2014/15	Change (%)
Rates		119	120	(1)
Commodities		57	55	4
Emerging markets		57	62	(8)
Equities		57	51	12
FX and money markets		33	35	(6)
Credit		18	18	-
Total revenue	-reported	341	341	-
	-constant currency		346	(1)
Trading operating profit		27	27	-
Trading operating profit margin (%)		8	8	-

For the six months ended 30 September 2015, the trading performance of Global Broking was impacted by a combination of ongoing structural and cyclical factors. Historically low interest rates, flat yield curves and bank deleveraging continued to constrain trading activity. On a constant currency basis, revenue decreased by 1%, and was flat on a reported basis at £341 million (H1 2014/15 - £341 million).

Trading operating profit remained flat at £27 million resulting in an operating margin of 8% (H1 2014/15 – 8%). The decline in the operating margin versus the second half of last year reflects the impact of fixed costs and the decline in trading activity in higher margin products and additional investment.

Interim Management Report continued

Global Broking continued

Rates

The rates business comprises interest rate derivatives, government bonds, repos and financial futures. Rate products contribute the largest share of Global Broking's revenue (35%) of which interest rate derivatives represents the most significant component. For the six months ended 30 September 2015 revenue decreased by 1%.

Trading activity in dollar interest rate swaps was boosted by record issuance of US domestic bonds and in Europe, euro and sterling products benefitted from central bank quantitative easing in the first quarter. However during the second quarter this was offset by headwinds from macro uncertainty and risk averse behaviour culminating from concerns around the financial crisis in Greece. i-Swap remains an integral part of ICAP's interest rate swap offering and activity remains strong in dollar swaps.

Government bond revenue in Europe continues to be under pressure as a result of a reduction in risk appetite and balance sheet constraints from bank customers as well as a tough comparable period. Revenue from US government bonds remained flat versus the previous period as uncertainty over interest rate changes increased. In the APAC region, Australia delivered strong growth on the back of local market volatility. The Relative Value business launched in August 2014 continues to grow and expand its global footprint.

Commodities

The commodities business comprises energy (including electricity, crude oil, refined products, natural gas, coal, and alternative fuels), environmental markets, forward freight derivatives, metals, agriculture and soft commodities.

For the six months ended 30 September 2015, revenue increased by 4%, driven by the volatility in the price of oil and growth in hedging instrument for dry bulk commodities by customers in China. Volatility in natural gas prices remain low as supply continues to outstrip demand, reducing market activity and there has been a material shift of volumes to electronic platforms. European electricity volumes remained low over the summer due to mild weather whereas North American electricity saw improved volumes in September.

Emerging Markets

ICAP is active in emerging markets across Asia Pacific, Latin America, Central and Eastern Europe and Africa. Emerging market revenue includes domestic activity in local markets and cross-border activity in globally traded emerging market money and interest rate products.

For the six months ended 30 September 2015, revenue decreased by 8%. Strong growth in offshore remnimbi related products was offset by subdued activity in other Asian products. Activity in EMEA and Latin American offshore markets was relatively mixed. Economic and political concerns in Brazil resulted in further subdued activity.

Interim Management Report continued

Global Broking continued

Equities

The equities business principally comprises equity derivatives. For the six months ended 30 September 2015, revenue increased by 12% benefitting from increased volatility in global equity markets owing to concerns about global growth prospects. This was particularly strong in Asia owing to uncertainty around the Chinese economy.

FX and money markets

The FX and money markets business comprises spot, forwards and cash products. For the six months ended 30 September 2015, revenue fell by 6%. FX was impacted by reduced volatility in the major currency pairs as well as a low risk appetite and the low interest rate environment. Cash products in the Americas continue to perform well, as the instrument remains the short-term funding management tool of choice amongst the customer base.

Credit

The credit business comprises corporate bonds and credit derivatives, and contributes the smallest share of Global Broking's revenue (5%). For the six months ended 30 September 2015, revenue remained flat. A shift of inventory from banks to the buy side owing to balance sheet constraints was a continued headwind for the business.

Interim Management Report continued

Summary consolidated income statement

£m	H1 2015/16	H1 2014/15	Change (%)
Trading operating profit	110	100	10
Net finance cost	(13)	(18)	28
Profit from associates	2	2	-
Profit from joint ventures	2	2	-
Trading PBT	101	86	17
Tax on Trading PBT	(17)	(21)	19
Trading PAT	84	65	29
Acquisition and disposal costs, net of tax	(6)	(21)	71
Exceptional items, net of tax	-	(15)	n/a
Profit for the period	78	29	169

Trading PBT

Trading PBT for the six months ended 30 September 2015 increased by 17% to £101 million reflecting an increase in the trading operating profit across all segments.

Net finance expense for the period decreased by £5 million largely due to prior year impact of double running interest expense on the €350 million senior notes issued in March 2014 and the €300 million senior notes up to their maturity in July 2014.

Profit from associates and joint ventures remained in line with the prior period.

Tax

The Group manages its tax affairs in accordance with its tax strategy, the core objectives of which are to deliver shareholder value by complying with tax obligations and being open and transparent with the relevant tax authorities.

The Group's trading effective tax rate ('ETR') for the six months to 30 September 2015 is 17% (year ended 31 March 2015 – 19%), which is lower than the forecast ETR of 21.5% for the year due to one-time prior year adjustments.

The decrease in estimated full year trading ETR over the prior year is primarily driven by discrete one-off adjustments and a further reduction in the UK corporation tax rate. The effective tax rate continues to be driven by geographical mix of profits and changes in tax legislation.

Trading EPS

Trading EPS (basic) increased by 29% to 13.0p reflecting an increase in the trading profit for the period. EPS (basic) increased to 12.0p (30 September 2014 – 4.5p) as a result of £22 million of exceptional costs recognised in the prior half year and a decrease in acquisition and disposal costs in the current period.

Dividend

Consistent with previous practice, ICAP's interim dividend per share has been calculated at 30% of the prior year's full year dividend. An interim dividend of 6.60p per share (H1 2014/15 - 6.60p per share) covering the six month period to 30 September 2015 will be paid on 5 February 2016 to shareholders on the register at 8 January 2016. The shares will be quoted ex-dividend from
7 January 2016.

Interim Management Report continued

Acquisition and disposal costs

In line with the prior period, the Group's acquisition and disposal costs of £18 million (£6 million net of tax) are primarily driven by the amortisation of intangibles arising on consolidation.

Exceptional items

There were no exceptional items recognised in the period. £22 million of exceptional costs in the prior half year related to the Group restructuring programme which was successfully completed in the last financial year.

Disposal of shipbroking business

In April 2015, ICAP disposed of its shipbroking businesses to Howe Robinson Group Pte Limited in return for a 35% equity stake in the resulting combined group business. This was recognised in the balance sheet within investment in associates with a carrying value of £20 million.

Free cash flow

ICAP is cash generative and it is expected that over the medium term free cash flow and post-tax trading profit will converge. Historically, the first half cash conversion has always been lower due to seasonality as short-term positive movements in working capital, which are primarily related to infrastructure, Electronic Markets and Post Trade Risk and Information bonuses in the preceding second half, reverse.

£m	H1 2015/16	H1 2014/15
Cash generated from operating activities	129	66
Interest and tax	(28)	(30)
Cash flow from trading activities	101	36
Capital expenditure	(33)	(27)
Dividends from associates and investments	4	5
Trading free cash flow	72	14
Free cash flow conversion (%)	86%	22%

Trading free cash flow generated during the period was £72 million, a conversion rate of 86% (H1 2014/15 - 22%) representing a shortfall of £12 million on the trading profit after tax of £84 million. Excluding the £36 million favourable impact from short-term timing differences driven by movements in restricted funds and initially unsettled trades at the balance sheet date, free cash flow generated during the period was £36 million, a conversion rate of 43%.

Free cash flow for the 12 months ended 30 September 2015 is 137% (30 September 2014 - 90%). This eliminates the seasonality impact, therefore providing a more normalised ratio. The higher than 100% ratio is fundamentally driven by relative growth in Electronic Markets and Post Trade Risk and Information given the bonus accruals in those divisions are predominantly discretionary.

During the period, net interest and tax payment was £28 million (H1 2014/15 - £30 million). Net interest paid in the year decreased by £12 million, primarily representing interest paid on the €300 million eurobond which matured in July 2014. The decrease in net interest payment was partially offset by £10 million increase in net tax payment in the current year as the last year's net tax payment included refunds received relating to tax payments in the 2013/14 financial year.

Interim Management Report continued

ICAP continues to invest heavily in new product initiatives across Electronic Markets and Post Trade Risk and Information, as represented by an increase in investment of its cash flows from trading activities in capital expenditures. Additionally, a significant amount of cash spend on technology during the period was directly charged to the income statement. ICAP is committed to maintaining a high level of investment in technology assets, especially in growth areas in Electronic Markets and Post Trade Risk and Information, over the coming years as we continue our drive to improve and widen our product offerings to our customers.

Balance sheet

The Group's net assets at 30 September 2015 were £990 million, £28 million lower than the 31 March 2015 position (£1,018 million) principally reflecting the payment of the 2014/15 final dividend of £99 million and an £8 million loss from retranslation of foreign currency net assets driven by the weakening of the dollar against sterling during the period, which was partially offset by £78 million profit for the period and an additional £1 million of other increases in equity.

Interim Management Report continued

Net debt

£m	As at 30 September 2015	As at 31 March 2015	As at 30 September 2014
Long-term borrowings	(564)	(386)	(422)
Short-term borrowings	(62)	(163)	(198)
Total gross borrowings	(626)	(549)	(620)
Cash and cash equivalents	493	481	416
Net debt	(133)	(68)	(204)
Restricted funds	34	43	47

The Group's overall funding position remains strong given the maturity profile of its committed financings, the manageable level of gross debt and the committed undrawn headroom under its core credit facility.

Gross debt of £626 million is 2.0 times (30 September 2014 – 2.1 times) of trading EBITDA for the twelve months ended 30 September 2015.

Short-term borrowings is comprised of JPY 10 billion Japanese yen loan (equivalent to £55 million), which matures in March 2016 and £7 million overdrafts related to short-term timing differences on trade settlements. The Group had repaid the £130 million senior subordinated notes, on maturity in June 2015, from centrally available cash and its core credit facility. At 30 September 2015, the Group had committed undrawn headroom under its core credit facility of £253 million (31 March 2014 - £425 million, 30 September 2014 - £411 million).

As at 30 September 2015 the Group's long-term issuer default rating on senior debt remained unchanged from 31 March 2015 at BBB (stable) with Fitch and Baa3 (negative) with Moody's.

Net debt at 30 September 2015 of £133 million has increased by £65 million on the 31 March 2015 position of £68 million. The increase in the net debt position resulted from usual seasonality of major cash flows including the dividend payment of £99 million in July 2015, £21 million during the period to acquire associate and available-for-sale investment interests in emerging financial technology firms in Post Trade Risk and Information, £4 million payment in relation to exceptional expenses accrued in the year to 31 March 2015 and £13 million FX loss on cash. Trading free cash flow for the period of £72 million partially offset the adverse movement on the net debt position.

Interim Management Report continued

Regulatory capital

ICAP currently operates its business under an investment firm waiver which was granted by the FSA under the EU Capital Requirements Directive in 2011 and runs until April 2016. The waiver modifies the basis on which regulatory capital is calculated for the Group, and at 30 September ICAP had £0.7 billion of headroom on this basis.

The effect of the waiver is to exclude goodwill and other intangibles from the calculation and, in so doing, allows the Group to undertake acquisitions using debt rather than equity finance. In the event that the waiver is not renewed in 2016, applying a consolidated approach to credit and market risks would give an incremental regulatory capital requirement of approximately £0.5 billion, which in line with recent precedent would most likely be eliminated through retained profits over time.

ICAP operates approximately 43 regulated subsidiaries globally. Each is locally capitalised and regulated. Together these entities hold £424 million of cash (including restricted funds) of which £357 million is held by the Global Broking businesses. Electronic Markets and Post Trade Risk and Information hold £51 million and £16 million respectively.

Interim Management Report continued

Risk

Details of Group's approach to risk management and its risk profile were set out on pages 24 to 30 of the Group's 2015 Annual Report. As of 30 September 2015, the directors have reviewed the Group's risk profile in the context of current market conditions and the outlook for the remaining six months of the financial year. In addition, they have reconsidered previous statements made on risk appetite, risk governance and internal controls and do not consider there to be any significant changes since the 2015 Annual Report.

ICAP's risk profile

ICAP recognises nine core risk categories: strategic, operational, liquidity, reputational, credit, legal and compliance, cross-risk, financial and market.

ICAP's profile of these risks is continually evolving, driven by:

- changes in the markets within which we operate;
- ICAP's strategies and business objectives; and
- ICAP's business/operating models.

Consistently, ICAP seeks to generate attractive returns through informed risk taking and robust risk management. As such the effective management and control of both the upside of risk taking and its potential downside is a fundamental core competency of the Group.

Risk outlook

ICAP is subject to the changing financial market environment resulting from global regulatory reforms and challenges in the real economy. As these factors influence our clients, markets and operating approaches, it is clear that these changes play a part in the strategic direction of the Group.

Our overall risk profile remains fundamentally unchanged. ICAP retains its belief in the level of strategic risk to which the Group is exposed is materially unaltered and the Group continues to proactively look for strategic opportunities in these dynamic environments.

Directors' statement of responsibilities

The directors confirm that, to the best of their knowledge, this condensed set of financial statements has been prepared in accordance with IAS34 'Interim Financial Reporting' as adopted by the European Union, and that the interim management report and the condensed set of financial statements herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report.

Going concern basis

The financial statements are prepared on the going concern basis, as the directors are satisfied that the Group has the resources to continue in business for the foreseeable future. In making this assessment, the directors have considered a wide range of information relating to present and future conditions, including the Group's profitability, liquidity requirements, plans and financing arrangements.

Changes in directors

Stuart Bridges was appointed as the Group Finance Director on 1 September 2015.
A list of current directors is maintained on the ICAP plc website www.icap.com.

By order of the board

Michael Spencer
Group Chief Executive Officer

Stuart Bridges
Group Finance Director

11 November 2015

Consolidated income statement

Half year to 30 September 2015

	Note	Trading £m	Acquisition and disposal costs £m	Exceptional items £m	Total £m
Revenue	2	595	–	–	595
Operating expenses		(486)	(18)	–	(504)
Other income		1	–	–	1
Operating profit		110	(18)		92
Finance income		2	–	–	2
Finance costs		(15)	–	–	(15)
Share of profits of associates after tax		2	–	–	2
Share of profits of joint ventures after tax		2	–	–	2
Profit before tax		101	(18)	–	83
Tax	6	(17)	12	–	(5)
Profit for the period		84	(6)	–	78
Attributable to:					
Owners of the Company		85	(6)	–	79
Non-controlling interests		(1)	–	–	(1)
		84	(6)	–	78
Earnings per ordinary share	4				
– basic		13.0			12.0
– diluted		12.7			11.8

Half year to 30 September 2014

	Note	Trading £m	Acquisition and disposal costs £m	Exceptional items £m	Total £m
Revenue	2	620	–	–	620
Operating expenses		(521)	(28)	(22)	(571)
Other income		1	–	–	1
Operating profit		100	(28)	(22)	50
Finance income		3	–	–	3
Finance costs		(21)	–	–	(21)
Share of profits of associates after tax		2	–	–	2
Share of profits of joint ventures after tax		2	–	–	2
Profit before tax		86	(28)	(22)	36
Tax	6	(21)	7	7	(7)
Profit for the period		65	(21)	(15)	29
Attributable to:					
Owners of the Company		66	(21)	(15)	30
Non-controlling interests		(1)	–	–	(1)
		65	(21)	(15)	29
Earnings per ordinary share	4				
– basic		10.1			4.5
– diluted		9.9			4.4

Consolidated statement of comprehensive income

	Half year to 30 September 2015 £m	Half year to 30 September 2014 £m
Profit for the period	78	29
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Exchange differences	(8)	9
Other comprehensive (loss)/income for the period, net of tax	(8)	9
Total comprehensive income for the period	70	38
Total comprehensive income attributable to:		
Owners of the Company	71	39
Non-controlling interests	(1)	(1)
	70	38

Consolidated balance sheet

	Note	As at 30 September 2015 £m	As at 31 March 2015 £m	As at 30 September 2014 £m
Assets				
Non-current assets				
Intangible assets arising on consolidation		898	930	919
Intangible assets arising from development expenditure		114	108	101
Property and equipment		38	40	41
Investment in joint ventures		13	13	12
Investment in associates		114	68	63
Deferred tax assets		8	6	3
Trade and other receivables		10	5	4
Available-for-sale investments		19	17	17
		1,214	1,187	1,160
Current assets				
Held for sale assets		4	21	–
Trade and other receivables		17,592	24,411	20,713
Available-for-sale investments		1	–	–
Restricted funds	7	34	43	47
Cash and cash equivalents	7	493	481	416
		18,124	24,956	21,176
Total assets		19,338	26,143	22,336
Liabilities				
Current liabilities				
Trade and other payables		(17,550)	(24,378)	(20,619)
Borrowings	8	(62)	(163)	(198)
Tax payable		(30)	(39)	(72)
Held for sale liabilities		(2)	(4)	–
Provisions		(18)	(20)	(2)
		(17,662)	(24,604)	(20,891)
Non-current liabilities				
Trade and other payables		(29)	(37)	(18)
Borrowings	8	(564)	(386)	(422)
Deferred tax liabilities		(70)	(73)	(64)
Retirement benefit obligations		(6)	(6)	(4)
Provisions		(17)	(19)	(8)
		(686)	(521)	(516)
Total liabilities		(18,348)	(25,125)	(21,407)
Net assets		990	1,018	929
Equity				
Capital and reserves				
Called up share capital		66	66	66
Share premium account		454	454	454
Other reserves		79	79	86
Translation		35	43	(35)
Retained earnings		314	330	314
Equity attributable to owners of the Company		948	972	885
Non-controlling interests		42	46	44
Total equity		990	1,018	929

The consolidated Financial Statements, including accompanying notes, were approved by the board on 11 November 2015 and were signed on its behalf by:

Michael Spencer
Group Chief Executive Officer

Stuart Bridges
Group Finance Director

Consolidated statement of changes in equity

Half year to 30 September 2015

£m	Share capital	Share premium	Other reserves	Translation	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
Balance at 1 April 2015	66	454	79	43	330	972	46	1,018
Profit for the period	–	–	–	–	79	79	(1)	78
Other comprehensive income/(expense) (net of tax)								
Cash flow hedges	–	–	–	–	–	–	–	–
Exchange differences	–	–	–	(8)	–	(8)	–	(8)
Revaluation losses realised in the period	–	–	–	–	–	–	–	–
Total comprehensive income/(expense) for the period	–	–	–	(8)	79	71	(1)	70
Treasury shares awarded	–	–	–	–	1	1	–	1
Share-based payments	–	–	–	–	3	3	–	3
Other movements in non-controlling interests	–	–	–	–	–	–	(3)	(3)
Dividends paid in the period	–	–	–	–	(99)	(99)	–	(99)
Balance at 30 September 2015	66	454	79	35	314	948	42	990

Half year to 30 September 2014

£m	Share capital	Share premium	Other reserves	Translation	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
Balance at 1 April 2014	66	454	86	(44)	379	941	42	983
Profit for the period	–	–	–	–	30	30	(1)	29
Other comprehensive income/(expense) (net of tax)	–	–	–	–	–	–	–	–
Exchange differences	–	–	–	9	–	9	–	9
Total comprehensive income/(expense) for the period	–	–	–	9	30	39	(1)	38
Treasury shares awarded	–	–	–	–	1	1	–	1
Share-based payments	–	–	–	–	3	3	–	3
Other movements in non-controlling interests	–	–	–	–	–	–	3	3
Dividends paid in the period	–	–	–	–	(99)	(99)	–	(99)
Balance at 30 September 2014	66	454	86	(35)	314	885	44	929

Consolidated statement of cash flow

£m	Note	Half year to 30 September 2015	Half year to 30 September 2014
Cash flows from operating activities	7(a)	97	10
Cash flows from investing activities			
Dividends received from associates		3	4
Dividends received from joint ventures		1	1
Payments to acquire property and equipment		(7)	(5)
Intangible development expenditure		(26)	(22)
Acquisition of AFS investments		(4)	-
Acquisition of associates		(17)	-
Net cash flows from investing activities		(50)	(22)
Cash flows from financing activities			
Dividends paid to owners of the Company		(99)	(99)
Proceeds from exercise of share options		1	-
Repayment of borrowings		(126)	(259)
Funds received from borrowing, net of fees		228	70
Net cash flows from financing activities		4	(288)
Net decrease in cash and cash equivalents		51	(300)
Net cash and cash equivalents at beginning of period		448	698
FX adjustments		(13)	(5)
Net cash and cash equivalents at end of period		486	393
Net cash and cash equivalents consists of:			
Cash and cash equivalents		493	416
Overdraft		(7)	(23)
Net cash and cash equivalents at end of period		486	393

Notes to the Financial Statements

1 Basis of preparation

(a) Basis of preparation

The condensed consolidated financial statements for the half year to 30 September 2015 do not constitute statutory financial information as defined in section 434 of the Companies Act 2006. The condensed consolidated financial statements are unaudited but have been reviewed by the auditors, PricewaterhouseCoopers LLP, and their report is set out at the end of this document. The Annual Report for the year ended 31 March 2015 has been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated financial statements for the half year to 30 September 2015 have been prepared in accordance with the DTR4.2 of the FCA and with IAS34 'Interim Financial Reporting' as issued by the International Accounting Standards Board ('IASB') and endorsed by the European Union ('EU'). These condensed consolidated financial statements should be read in conjunction with the Annual Report for the year ended 31 March 2015 which was prepared in accordance with IFRSs as issued by the IASB and endorsed by the EU at that date.

The accounting policies applied in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Annual Report for the year ended 31 March 2015.

The preparation of financial information requires the use of estimates and assumptions about future conditions. The use of available information and the application of judgement are inherent in the formation of estimates; actual results in the future may differ from those reported. The significant judgements and estimates applied by the Group in these consolidated Financial Statements have been applied on a basis consistent with the Annual Report for the year ended 31 March 2015.

The £46m increase in investment in associates during the period includes £11m investment made in Enso LP on 1 October 2014. The Group's investment in associates at 31 March 2015 did not include the additional investment, with an equal and opposite error in the Group's translation reserve at 31 March 2015. This has been corrected in the current period.

Presentation of primary statements

The Group maintains a columnar format for the presentation of its consolidated income statement. The columnar format enables the Group to continue its practice of improving the understanding of its results by presenting its trading profit. This is the profit measure used to calculate trading EPS and is considered to be the most relevant as it better reflects the Group's trading earnings.

Profit before acquisition and disposal costs and exceptional items are reconciled to profit before tax on the face of the consolidated income statement. On the face of the consolidated income statement basic and diluted EPS have been disclosed.

Notes to the Financial Statements continued

(b) Future accounting developments

At 30 September 2015, the following standards have been issued by the IASB which are not effective for these consolidated financial statements:

- in July 2014, the IASB issued IFRS9 'Financial Instruments', which will replace IAS39 'Financial Instruments: Recognition and Measurement'. The standard will be effective for annual periods beginning on or after 1 January 2018. ICAP intends to adopt IFRS9 for its financial statements for the year ending 31 March 2019; and
- in May 2014, the IASB issued IFRS15 'Revenue from Contracts with Customers', which will replace IAS18 'Revenue' and IAS11 'Construction Contracts' and other related interpretations on revenue recognition. The standard will become effective for annual periods beginning on or after 1 January 2017. ICAP intends to adopt IFRS15 for its financial statements for the year ended 31 March 2018.

Notes to the Financial Statements continued

2 Segmental information

The basis of identifying segments and measuring segmental results is set out on page 107 of the ICAP plc Annual Report for the year ended 31 March 2015.

Half year to 30 September 2015

£m	Electronic Markets	Post Trade Risk and Information	Global Broking	Group
Revenue	131	119	345	595
Trading operating profit	40	45	25	110
Profit from associates	-	(1)	3	2
Profit from JVs	-	-	2	2
Trading EBIT*	40	44	30	114
Trading depreciation	2	1	4	7
Trading amortisation	10	2	6	18
Trading EBITDA**	52	47	40	139
Trading operating profit margin (%)	31	38	7	19

Reconciliation to the consolidated income statement:	
Trading EBIT*	114
Trading net finance cost***	(13)
Trading profit before tax	101
Acquisition and disposal costs	(18)
Exceptional items	-
Profit before tax	83
Tax	(5)
Profit for the period	78

Other segmental information				
Capital expenditure****	17	8	7	33

* Trading EBIT is the trading profit before deducting net finance cost and tax.

** Trading EBITDA is the trading profit before deducting net finance cost, tax and amortisation and depreciation charges. Segments' trading EBITDA best represents the cash generated from their ongoing operations.

*** Given the Group's debt financing arrangements are managed centrally through a treasury function, ICAP plc Board does not incorporate net finance cost in the assessment of the segments' performance.

**** Total capital expenditure for the Group includes £1m investment made to develop corporate intangible assets, which are not segment specific.

Notes to the Financial Statements continued

2 Segmental information continued

Half year to 30 September 2014

£m	Electronic Markets	Post Trade Risk and Information	Global Broking	Group
Revenue	122	108	390	620
Trading operating profit	41	42	17	100
Profit from associates	–	(1)	3	2
Profit from JVs	–	–	2	2
Trading EBIT*	41	41	22	104
Trading depreciation	3	1	4	8
Trading amortisation	9	3	5	17
Trading EBITDA**	53	45	31	129
Trading operating profit margin (%)	34%	39%	4%	16%

Reconciliation to the consolidated income statement:

Trading EBIT*	104
Total net finance cost***	(18)
Trading profit before tax	86
Acquisition and disposal costs	(28)
Exceptional items	(22)
Profit before tax	36
Tax	(7)
Profit for the period	29

Other segmental information				
Capital expenditure****	11	6	9	27

* Trading EBIT is the trading profit before deducting net finance cost and tax.

** Trading EBITDA is the trading profit before deducting net finance cost, tax and amortisation and depreciation charges. Segments' trading EBITDA best represents the cash generated from their ongoing operations.

*** Given the Group's debt financing arrangements are managed centrally through a treasury function, ICAP plc Board does not incorporate net finance cost in the assessment of the segments' performance.

**** Total capital expenditure for the Group includes £1m investment made to develop corporate intangible assets, which are not segment specific.

Notes to the Financial Statements continued

3 Exceptional items

£m	Half year to 30 September 2015	Half year to 30 September 2014
Exceptional items before tax		
Restructuring programme – employee termination costs	–	18
Restructuring programme – other	–	4
Total exceptional items before tax	–	22
Tax credit	–	(7)
Total exceptional items after tax	–	15

There were no exceptional items recognised in the period.

£22m of exceptional items in the half year to 30 September 2014 relate to the Group restructuring programme, which successfully completed in the financial year ended 31 March 2015.

4 Earnings per share

The Group continues presents trading earnings per share measurement ratios as it believes that it is the most appropriate measurement since it better reflects the Group's underlying cash earnings.

Earnings per share

	Half year to 30 September 2015			Half year to 30 September 2014		
Trading basic and diluted	Earnings £m	Shares millions	Earnings per share pence	Earnings £m	Shares millions	Earnings per share pence
Trading basic	84	648	13.0	65	644	10.1
Dilutive effect of share options	–	12	(0.3)	–	13	(0.2)
Trading diluted	84	660	12.7	65	657	9.9

	Half year to 30 September 2015			Half year to 30 September 2014		
Basic and diluted	Earnings £m	Shares millions	Earnings per share pence	Earnings £m	Shares millions	Earnings per share pence
Basic	78	648	12.0	29	644	4.5
Dilutive effect of share options	–	12	(0.2)	–	13	(0.1)
Diluted	78	660	11.8	29	657	4.4

5 Dividends

£m	Half year to 30 September 2015	Half year to 30 September 2014
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 March 2015 of 15.40p per share (2014 – 15.40p)	99	99

The final dividend for the year ended 31 March 2015 was satisfied with a cash payment of £99m.

On 11 November 2015, the board approved an interim dividend for the half year ended 30 September 2015 of 6.60p per share (30 September 2014 – 6.60p). The dividend will be satisfied in cash.

Notes to the Financial Statements continued

6 Tax

Tax charged to the income statement in the period:

£m	Half year to 30 September 2015	Half year to 30 September 2014
Current tax		
Current period	14	14
Adjustment to prior periods	(4)	–
	10	14
Deferred tax		
Current period	(5)	(8)
Adjustments to prior periods	–	1
	(5)	(7)
Total tax charged to consolidated income statement	5	7

The Group's share of profit of joint ventures and associates in the income statement is shown net of tax of £2m (30 September 2014 – £2m).

Legislation to reduce the main rate of UK Corporation Tax from 21% to 20% from 1 April 2015 was enacted at the balance sheet date and its effect on deferred tax is included in the tax charge for the period.

The principal movement in deferred tax relates to the release of the deferred tax liability on the amortisation of intangibles arising on consolidation.

The brought forward deferred tax liability in relation to US goodwill was overstated as at 31 March 2015 by £6.4m. This has been corrected through the tax charge in acquisition and disposal costs in the current period.

£m	Half year to 30 September 2015	Half year to 30 September 2014
Tax on trading profit		
Total tax charged to the consolidated income statement	5	7
Tax credit on acquisition and disposal costs	12	7
Tax credit on exceptional items	–	7
Total tax charged on trading profit	17	21

The Group's effective tax rate on trading profit for the half year to 30 September 2015 was 17% (half year to 30 September 2014 – 24%). The Group's trading effective tax rate is lower than the applicable statutory rate in the UK, reflecting discrete prior year tax adjustments.

Notes to the Financial Statements continued

7 Cash

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

£m	Half year to 30 September 2015	Half year to 30 September 2014
Profit before tax	83	36
Operating exceptional items	–	22
Amortisation of intangible assets arising on consolidation	20	28
Net finance expense	13	18
Amortisation and impairment of intangible assets arising from development expenditure	18	17
Depreciation and impairment of property and equipment	7	8
Other acquisition and disposal costs	(2)	-
Increase/(decrease) in provisions	1	(1)
Share of operating profits of associates after tax	(2)	(2)
Share of operating profits of joint ventures after tax	(2)	(2)
Share-based payments	3	3
Operating cash flows before movements in working capital	139	127
Decrease in trade and other payables	(49)	(57)
Decrease in trade and other receivables	3	26
Timing differences on unsettled matched principal trades	27	(22)
Decrease/(increase) in restricted funds	9	(8)
Cash generated by operations before exceptional items paid	129	66
Operating exceptional items paid	(4)	(26)
Cash generated by operations	125	40
Interest received	1	2
Interest paid	(11)	(24)
Tax paid	(18)	(8)
Net cash flow from operating activities	97	10

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 flows'. 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.

Notes to the Financial Statements continued

7 Cash continued

b) Cash information by business

As at 30 September 2015					
£m	Electronic Markets	Post Trade Risk and Information	Global Broking	Group functions	Group
Cash and cash equivalents	62	29	347	55	493
Restricted funds	6	–	27	1	34
Total Cash	68	29	374	56	527

As at 31 March 2015					
£m	Electronic Markets	Post Trade Risk and Information	Global Broking	Group functions	Group
Cash and cash equivalents	62	30	345	44	481
Restricted funds	6	–	36	1	43
Total Cash	68	30	381	45	524

As at 30 September 2014					
£m	Electronic Markets	Post Trade Risk and Information	Global Broking	Group functions	Group
Cash and cash equivalents	56	21	332	7	416
Restricted funds	3	–	43	1	47
Total Cash	59	21	375	8	463

8 Borrowings

a) Long-term borrowings

£m	As at 30 September 2015	As at 31 March 2015	As at 30 September 2014
Retail bond repayable 2018	124	124	124
RCF repayable 2016	173	–	15
Ten-year senior notes repayable 2023	10	10	12
Five-year senior notes repayable 2019	257	252	271
	564	386	422

b) Short-term borrowings

£m	As at 30 September 2015	As at 31 March 2015	As at 30 September 2014
Subordinated loan notes repayable 2015	–	130	119
Japanese yen loan	55	–	56
Overdrafts	7	33	23
	62	163	198

The subordinated loan notes of £130m were repaid in June 2015.

In April 2015, a new JPY10 billion loan was entered into with The Tokyo Tanshi Co. Limited. This loan matured in September 2015 when it was refinanced under similar terms and is due to mature in March 2016.

Notes to the Financial Statements continued

8 Borrowings continued

c) Net debt

£m	As at 30 September 2015	As at 31 March 2015	As at 30 September 2014
Gross debt	(626)	(549)	(620)
Cash and cash equivalents	493	481	416
Net debt	(133)	(68)	(204)
Restricted funds	34	43	47
Net debt adjusted for restricted funds	(99)	(25)	(157)

9 Contingent liabilities

The Company and its subsidiaries continue to co-operate with the government agencies in Europe and the US relating to their investigations into the setting of yen Libor. The Company is no longer a named defendant in the initial US civil litigation against various yen Libor and euroyen Tibor setting banks. However, the plaintiff in that litigation has been given permission by the court to add ICAP Europe Limited as a defendant in that action in an amended complaint. The amended complaint has not yet been filed or served. On 24 July 2015, a new litigation was filed on behalf of two additional plaintiffs in the same court based on similar facts. The new litigation includes claims against ICAP Plc and ICAP Europe Limited. ICAP Plc and ICAP Europe Limited intend to defend the litigation vigorously. Plaintiffs in the Euribor civil litigation named ICAP Plc and ICAP Europe Limited on 13 August 2015 as parties to that pre-existing litigation. ICAP Plc and ICAP Europe Limited intend to defend the litigation vigorously. Plaintiffs in one of the US dollar Libor civil litigations has requested permission to add the Company as a defendant in that case. The court has taken no action with regard to that request. It is not practicable to predict the ultimate outcome of these inquiries or the litigations. As a result it is not possible to provide an estimate of any potential financial impact on the Group.

ICAP continues to co-operate with inquiries by the US government agencies into the setting of USD ISDAFIX rates. In 2014, civil lawsuits were filed in the US against USD ISDAFIX setting banks, where a subsidiary of the Company is also a named defendant. Those suits have now been consolidated into a single action. The Company intends to defend these litigation claims vigorously. It is not practicable to predict the ultimate outcome of these inquiries or the litigation. As a result it is not possible to provide an estimate of any potential financial impact on the Group.

10 Related party transactions

The nature of the various services provided to some of the Group's joint ventures and associates are similar to those for the year ended 31 March 2015 and there have been no material transactions during the period to 30 September 2015.

The basis of remuneration of key management personnel remains consistent with that disclosed in the Annual Report for the year ended 31 March 2015.

11 Post balance sheet events

On 11 November 2015, the Group signed a Sale and Purchase Agreement with Tullett Prebon for the disposal of its Global Broking business together with related information services and i-Swap (together 'Voice Broking business'). The disposal is subject to approvals from regulatory authorities across jurisdictions as well as finalisation of certain commercial terms.

Independent review report of ICAP plc

Report on the condensed consolidated financial statements

Our Conclusion

We have reviewed ICAP plc's condensed consolidated financial statements (the "interim financial statements") in the Half-Yearly Financial Report of ICAP plc for the 6 month period ended 30 September 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated balance sheet as at 30 September 2015;
- the Consolidated income statement and Consolidated statement of comprehensive income for the period then ended;
- the Consolidated statement of cash flow for the period then ended;
- the Consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half-Yearly Financial Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half-Yearly Financial Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-Yearly Financial Report in accordance with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half-Yearly Financial Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half-Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Our responsibilities and those of the directors

The Half-Yearly Financial Report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the Half-Yearly Financial Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP

Chartered Accountants

London

11 November 2015

a) The maintenance and integrity of the ICAP plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.