Financial and Interim Management Report

Released : 08.08.17 07:00

RNS Number : 3394N
TP ICAP PLC
08 August 2017

TP ICAP PLC

Financial and Interim Management Report - for the six months ended 30 June 2017

TP ICAP plc (the "Company") today announces its results for the six months ended 30 June 2017.

Operational highlights

- Revenue growth delivered from diversified business portfolio in a mixed market environment
- Strong performance in Rates business
- Energy & Commodities buoyed by growth in oil despite challenging power and commodities markets
- Further investment in regulatory, governance and strategic initiatives
- Average revenue per broker increased in all regions

Integration highlights

- Good progress on the integration of TP ICAP
- £8m synergy savings delivered in the period, ahead of schedule
- Headcount reduction of 175 in the period
- New streamlined management team in place
- Rationalisation of real estate under way

Financial highlights

Underlying prior year comparative numbers are shown on a pro forma basis[1] only (i.e. including ICAP). Statutory prior year comparatives are also shown as reported by Tullett Prebon plc ("TP plc") on a standalone basis.

Underlying (before acquisition, disposal and integration costs, and exceptional items)

- Revenue of £925m (2016: £828m)
- Operating profit £144m (2016: £117m)
- Operating margin 15.6% (2016: 14.1%)
- Profit before tax £129m (2016: £111m)
- Basic EPS 18.3p (2016: 16.1p)

Statutory (after acquisition, disposal and integration costs, and exceptional items)

- Operating profit £86m (2016: £95m pro forma, £45m reported)
- Operating margin 9.3% (2016: 11.5% pro forma, 10.5% reported)
- Profit before tax £71m (2016: £86m pro forma, £35m reported)
- Basic EPS 10.3p (2016: 12.1p pro forma, 11.9p reported)

A table showing Underlying and Statutory figures for each period, detailing the acquisition, disposal and integration costs, and exceptional items is included in the Financial Review.

The average number of shares used for the basic EPS calculation for the period is 552.4m.

Dividend

In previous years, the interim dividend has been set at a level equal to 50% of the final dividend paid for the previous year. This approach to setting the interim dividend is expected to continue, however we will base the interim dividend for 2017 on the second interim dividend paid in respect of 2016, as it replaced the final dividend. A 5.6p per share interim dividend will be paid on 10 November 2017 to shareholders on the register at close of business on 13 October 2017.

____

[1] See page 18

Commenting on the results, John Phizackerley, Chief Executive of TP ICAP plc, said:

"The first six months of 2017 marked the beginning of our journey as TP ICAP and I'm pleased to note that our integration is fully under way and progressing to plan. The Group has delivered a solid set of results and a resilient performance throughout the first half, despite a mixed environment.

We are focused on meeting our integration and synergy targets as we harmonise and simplify our systems, processes and structures. We continue to build and diversify our global presence and use our enhanced technological capabilities and data to develop and deploy new products across the Group.

Looking ahead to the rest of the year, although short-term uncertainty remains, we are confident that our clear strategy and focus on operational excellence will ensure we remain well-positioned for future growth. We intend to build on our position as the world's largest interdealer broker and most trusted source of liquidity in the OTC markets, consistently delivering the very best for all our stakeholders."

Forward looking statements
This document contains forward looking statements with respect to the financial condition, results and business of the Company. By their nature, forward looking statements involve risk and uncertainty and there may be subsequent variations to estimates. The Company's actual future results may differ materially from the results expressed or implied in these forward looking statements.

Enquiries:

Analysts and Investors
Sam Dobbyn, Head of FP&A
Direct: +44 (0)20 7200 7147
email: sam.dobbyn@tpicap.com

Media
Rebecca Shelley, Group Head of Corporate Affairs
Direct: +44 (0)20 7200 7750
email: rebecca.shelley@tpicap.com

Jamie Dunkley, Group Media Relations Director
Direct: +44 (0)20 7200 7524
email: jamie.dunkley@tpicap.com

Brian Buckley, Eilis Murphy
Brunswick Group LLP
Direct: +44 (0)20 7404 5959
email: tpicap@brunswickgroup.com

Further information on the Company and its activities is available on the Company's website: www.tpicap.com

~~~~~~

Chief Executive's review
Overview
TP ICAP plays a key role keeping the global financial, energy and commodities markets in motion. Our goal is to become the world's most trusted source of liquidity in OTC markets providing our clients with the best pre-trade guidance and price discovery, execution and post-trade experience so they can achieve their commercial objectives.

The way we deliver liquidity varies by instrument and by market conditions. Markets behave and evolve in different ways. The majority of the markets we service benefit from the integration of technology and human interaction.

We closed our acquisition of ICAP on 30 December 2016 and started the year as the TP ICAP plc group of companies (the "Group"). Our priority during the first half of this year has been to start the integration, continue to invest in key initiatives, including our regulatory workstreams, while at the same time maintaining momentum in our businesses and continuing to implement the strategy that we formulated in 2015.

Our strategic objectives are:

To build revenues in the most attractive areas of the markets through:

- Adding brokers to maintain and grow presence
- Continuing to build the Group's Energy & Commodities activities
- Broadening the Group's broking offering to new clients
- Continuing to develop Data & Analytics

To improve the functions that support the revenue generating divisions through:

- Investing in technology
- Investing in client relationship management
- Developing the Group's capability to source, execute and integrate acquisitions
- Allocating capital and resources to areas where the most value can be created
- Developing the HR function and processes to hire and train employees and to manage compensation appropriately to encourage good long term behaviours
- Improving awareness and coverage of the Group's brands

Financial performance
Expectations of market activity at the start of the year were raised after the spike in volatility following the US presidential elections in Q4 2016. However, revenues during the first two months of 2017 were subdued until the interest rate rises in the US in March. This pattern was repeated in the second quarter with April and May seeing mixed trading, but with better performance in June, again linked to interest rate moves.

There was varying performance across our diverse businesses. The strong performance of our Rates business within Global Broking offset a lower level of activity in the Energy & Commodities division. In that division there was a strong performance from the oil business but power, gas and commodities experienced difficult trading conditions. Our Institutional Services division, formed in 2016, continued to build its activity. The Data & Analytics business performed well, underpinned by the expansion of its client base and geographical presence, with an increase in 'buy-side' customers seeking independent financial data.

In spite of the mixed trading conditions the Group's underlying financial performance was solid. Our revenue in H1 2017 was £925m, an increase of 3% compared with the pro forma 2016 on a constant currency basis (12% at actual exchange rates).

We achieved underlying operating profit of £144m, an increase of 23% over pro forma H1 2016 and underlying earnings of £101m, an increase of 13% over pro forma H1 2016. Our underlying operating profit margin of 15.6% is 1.5% points improved over pro forma H1 2016.

Statutory operating profit of £86m is lower than the £95m pro forma H1 2016 operating profit. Statutory operating profit in H1 2017 includes a deduction of £19m of amortisation of acquisition intangibles that are not included in the pro forma 2016 comparative. The pro
~~~~~~

forma H1 2016 comparative includes £5m of non-recurring acquisition costs relating to ICAP.

At our preliminary results in March we noted that the Group had continued to invest both in developing its capabilities in managing its new business and strategic initiatives, and in strengthening the control and support functions in readiness for the integration of TP ICAP. During H1 2017 we have incurred costs in relation to our ongoing regulatory and compliance responsibilities, in particular MiFID II and broker surveillance systems. The Group is incurring ongoing costs in respect of our IT centre in Belfast, the early talent programme, and the customer relationship management system. Additionally, we have started to build the capabilities of our Institutional Services division that, together with the previously mentioned initiatives, we believe are very important for the business to retain its competitive advantage, to innovate and to grow revenue and earnings in the long term.

These actions, which we will complete by the end of the year, have added around £15m of costs in H1 2017. Some of these costs, such as the £4m expenses related to achieving MiFID compliance, are one-off in nature. Others such as the double-running of IT expenses while we develop our IT centre in Belfast will be eliminated in due course as we switch activities to this facility.

Integration of TP ICAP
We are making good progress with our plan to integrate the two businesses' support functions. In H1 2017 we have recognised £8m of synergy savings against our forecast for the full year of £10m. These savings come from a number of different parts of the organisation, and based on the current run rate we expect the total synergy savings recognised in 2017 to be at least £16m. Although this is a strong start to the integration this does not change our overall guidance of £80m of synergy savings and a further stretch target of £20m of savings from process improvements over the period of the integration, as these additional cost savings in 2017 have been accelerated from future years.

We have a new management team drawn from both heritage organisations. Our organisation structure, committees and governance are confirmed and bedded down. We have moved to single regional heads in the Americas and Asia, providing clarity of leadership, accountability and speedier decision-making, and we have single global heads for each of our business divisions and corporate functions. At the product level, we continue to maintain separate desk management which preserves the integrity of our brands and liquidity pools.

The IT integration is a key element of the integration accounting for approximately 40% of the estimated overall synergy savings. We have selected the technology backbone that will be the foundation for the combined organisation and a comprehensive plan is being implemented to migrate applications and retire those that will no longer be needed. The Group started 2017 with 490 systems across both firms, and the integration plan will result in decommissioning over 50% of the estate. Platform simplification will also enable us to achieve our secondary objective of increasing the rate of innovation and straight through processing. Overall, internal innovation, IT development agility, shifting to Cloud computing and working with Fintech are core pillars of our IT strategy.

We have made significant steps to rationalise our property footprint. Given the duration of leases and the costs of early termination we are planning this carefully but intend to reduce our office requirements in some of our locations. We have announced the location of our new TP ICAP USA headquarters in the World Financial Center in Manhattan.

We have completed the first phase of our project to harmonise our policies and have released new TP ICAP standards covering HR, Compliance, Risk, Finance, Corporate Affairs and IT.

We have initiated a legal entity rationalisation project that should see a substantial reduction in the number of entities in the Group with associated cost savings. The project will simplify the Group structure and will be part of a drive to optimise the capital efficiency of our regulated entities.

Business and Operating Review
Alongside our focus on the integration, we have kept up the momentum in our business.

<u>Global Broking</u>
In our Global Broking business we achieved record levels of activity in volume matching sessions - one of the electronic transaction methodologies that we provide to clients, with particular success in US emerging markets bonds. We have launched volume matching in new asset classes including index synthetics and rolls in financial products and sovereign bonds.

We invested more sales resource in our bulk risk mitigation post trade business to expand further in Asia, and also saw significant volumes transacted in EMEA in June with more than $2 trillion in one run alone.

In FX & Money Markets, we launched a new global RFQ platform for FX options which has been well received by our customers who can now interact directly with the Tullett Prebon brand liquidity pools electronically, with broker guidance and negotiation support. This platform also incorporates enhanced analytics and streamlined straight-through processing.

<u>Energy & Commodities</u>
In Energy & Commodities we have added broking expertise with the launch of Natural Gas Liquids in Houston, which links to our global Liquefied Petroleum Gas desk in EMEA. We also expanded our Liquefied Natural Gas desk in EMEA. We are successfully marketing to and attracting investment funds to our Energy & Commodities businesses, where a number of the products that we cover, such as coal, power, gas and base metals are now sufficiently large and mature enough to be of interest to these funds as investment asset classes.

<u>Institutional Services</u>
In Institutional Services we have invested in a new FinTech provider LiquidityChain, which is focused on unlocking liquidity in credit markets using unique algorithms and improved process flows. When trading interest is aligned, an experienced broker contacts both counterparties to negotiate, help to price and execute a trade.

Across our three broking businesses we have continued to hire experienced broking talent adding more than 130 brokers during the first half of the year, and we have managed out under performers. Our early talent programme is gaining traction and some of our 2016 intake have already established effective client relationships and are revenue-earning.

<u>Data & Analytics</u>
In Data & Analytics we substantially reorganised our sales capability, adding resources in London, New York, Singapore and Tokyo. The benefits are beginning to be felt with a strong pipeline of new business emerging.

We launched a comprehensive new European Corporate Bond package covering bond yields and prices for over 2,000 Eurobonds from issuers in over 40 countries across investment grade and high yield issuances. The dataset is derived from live orders and trades sourced from our Global Broking desks and is enhanced by the application of proprietary analytics.

In February, our data business partnered with Valens Research to distribute equity and credit research and analytics data. We launched a comprehensive market data service for the interest rate derivatives market in Scandinavia and upgraded our Interest Rate Options volatility data services adding greater depth and breadth to our swaption coverage, and we signed a partnership agreement with Murex to provide it with our pricing data for internal model validation.

Key workstreams
There are a number of important initiatives which we pursued during H1 2017 and which will continue during the second half of the year and beyond.

Preparedness for MiFID II is a priority and the work of several years is coming together. One of the issues we face on MiFID II is the need to make all our platforms, from both brands, MiFID II compliant before we are able to undertake the planned technology rationalisation. There has therefore been some duplication of costs because of the timing of the completion of the ICAP transaction and the introduction of MiFID II.

Our Belfast IT centre is building capability, assuming responsibility for supporting some applications and taking in-house various activities that were previously outsourced. Our intention is to build the IT resources in Belfast to approximately 300 staff over a three year period balancing the early achievement of saved running costs with the need to manage the set-up costs tightly. We currently have more than 60 staff in Belfast and are on track to have circa 100 by the end of the year.

Our work on Brexit will now develop from analysis and planning to decision taking and actions. We already have premises, front office and support staff, and service EU clients from Frankfurt, Paris, Amsterdam and Madrid. We are in dialogue with the regulators in each of those locations in respect of Brexit. During the course of next year we will need to take necessary actions that we expect will include incurring some extra costs in order to be ready for March 2019.

The emphasis we place on conduct and culture at every level in our organisation continues.

Outlook
There is considerable political uncertainty around the globe and marked economic disparities. Generally, this promotes market and currency trading activity which is good for our business. Europe's economies remain fragile and the UK faces uncertainty from Brexit. In contrast, the US is more buoyant and the secular growth trend in Asia continues.

While there are growing signals that the long period of falling or flat interest rates in Europe and America may gradually be coming to an end, it is not yet clear that a sustained reversal is imminent. The clear establishment of a rising yield curve would undoubtedly be good for our business.

In Energy & Commodities the two biggest macro factors are the apparent abundant supply of natural gas and oil from shale rock as an energy source, and the outlook for China's base metal demand, as reflected in a very tough second quarter for commodities traders.

In the second half of 2017, in addition to the synergies arising from the integration programme, we will benefit from additional cost saving initiatives which together should mitigate the seasonal effect we typically experience in July to December. We remain on track to meet the Board's expectations for the full year 2017 performance.

Financial Review
Our key financial and performance indicators for the first half of 2017 are summarised in the table below together with comparatives from the equivalent period in 2016, on a pro forma and reported basis.

	H1 2017	H1 2016			
		Pro forma (incl. ICAP)	Change	Reported (TP plc only)	Change
Global Broking revenue	**£670m**	£604m	+11%	£286m	+134%
Energy & Commodities revenue	**£182m**	£169m	+8%	£117m	+56%
Institutional Services revenue	**£16m**	£4m	+300%	£4m	+300%
Data & Analytics revenue	**£57m**	£51m	+12%	£23m	+148%
Total revenue	**£925m**	£828m	+12%	£430m	+115%
Underlying Operating profit	**£144m**	£117m	+23%	£67m	+115%
Underlying Operating margin	**15.6%**	14.1%	+1.5%pts	15.6%	+0.0%pts
Statutory Operating profit	**£86m**	£95m	-9%	£45m	+91%
Statutory Operating margin	**9.3%**	11.5%	-2.2%pts	10.5%	-1.2%pts
Average broker headcount	**2,904**	3,039	-4%	1,713	+70%
Average revenue per broker (£'000)	**299**	279*	+7%*	260*	+15%
Broker compensation costs: broking revenue	**50.4%**	51.4%	-1.0% pts	53.2%	-2.8% pts
Broker headcount - period end	**2,842**	3,038**	-6%	1,707	+66%
Broker support headcount - period end	**1,882**	2,054***	-8%	815	+131%

* at constant exchange rates
** 2,981 at December 2016
*** 2,083 at December 2016

<u>Revenue</u>
Total revenue of £925m in H1 2017 was 12% higher than pro forma H1 2016 at actual exchange rates and 3% higher at constant exchange rates.

<u>Costs</u>
Underlying costs are being tightly managed and reduced across the organisation. In the ordinary course of business, we seek efficiencies and control our management and support costs against detailed budgets; such costs are included in the calculation of underlying operating profit.

Under the integration project, as we bring the two support functions together and reduce the number of staff required to support the enlarged business, we are seeking to achieve synergy savings in our underlying costs. The £28m costs to achieve the integration are included within acquisition, disposal and integration costs (see page 13) and are not in the calculation of underlying operating profit.

We have also commenced a cost improvement programme aimed at enhancing the efficiency of the front office through restructuring broker contracts and exiting under-performing brokers. The charge in the H1 2017 income statement relating to this programme is £5m, and this is included in exceptional items (see page 13) and not in the underlying operating profit.

Operating Profit

The underlying operating profit of £144m is 23% higher than the prior year on a pro forma basis, with an underlying operating profit margin of 15.6% which is 1.5% points higher than pro forma H1 2016. Underlying earnings per share for H1 2017 of 18.3p are 2.2p higher than for H1 2016 on a pro forma basis, and 2.7p lower than reported.

Statutory operating profit of £86m was 9% lower than in H1 2016 on a pro forma basis, and statutory operating margin of 9.3% is 2.2% points lower than H1 2016 on a pro forma basis. Statutory operating profit is after exceptional and acquisition related items, and is described further in the Financial Review.

Broker headcount decreased to 2,842 at June 2017 from 2,981 in December 2016. Average broker headcount during the first half of 2017 was 4% lower than during the first half of 2016 on a pro forma basis, and with a 7% increase in average revenue per broker, the resulting broking revenue was 2% higher than in the first half of 2016 (at constant exchange rates).

The period-end broking support headcount of 1,882 was 10% lower than at the end of 2016, primarily reflecting the impact of headcount reductions as part of the actions taken to achieve synergy savings.

The tables below analyse revenue by business division as well as revenue and underlying operating profit by region for the first half of 2017 compared with the equivalent period in 2016. Comparative data is shown on both a pro forma basis and as reported.

A significant portion of the Group's activity is conducted outside the UK and the statutory revenue is therefore impacted by the movement in the foreign exchange rates used to translate the revenue from non-UK operations. The comparative data in the tables below therefore show revenue for H1 2016 translated at the same exchange rates as those used for H1 2017, with growth rates calculated on the same basis. The statutory revenue figures as reported for H1 2016 are shown in Note 5 to the Condensed Consolidated Financial Statements.

Revenue

Revenue by Business Division

£m	H1 2017	H1 2016			
		Pro Forma (incl. ICAP)	Change	Reported (TP plc only)	Change
Rates	279	268	+4%	114	+145%
Credit	65	69	-6%	46	+41%
FX & Money Markets	111	110	+1%	74	+50%
Emerging Markets	120	116	+3%	49	+145%
Equities	95	94	+1%	30	+217%
Global Broking	670	657	+2%	313	+114%
Energy & Commodities	182	186	-2%	128	+42%
Institutional Services	16	4	+300%	4	+300%
Data & Analytics	57	52	+10%	24	+138%
	925	899	+3%	469	+97%
Exchange translation		(71)		(39)	
Statutory	925	828	+12%	430	+115%

Total revenue of £925m in H1 2017 was 3% higher than pro forma H1 2016 at constant exchange rates, and 12% higher at actual exchange rates.

Global Broking revenue was 2% higher than pro forma H1 2016 at constant exchange rates. The business benefited from volatility around the UK election, an increase in the US Federal Funds interest rate and a gradual shift in the inflationary stance of the ECB and Bank of England, which provided opportunities, particularly in the Rates business which saw growth of 4% compared with pro forma H1 2016. Rates has also benefited from the increased performance of the Risk Management Services business.

Restrictions on clients' balance sheets continue to adversely impact Credit markets, which was the only asset class in Global Broking where revenue fell year on year on a pro forma basis.

Compared with pro forma H1 2016 and at constant exchange rates, the FX & Money Markets and Equities businesses have seen slight growth in revenue, and Emerging Markets revenue saw growth of 3% overall, driven by increased activity in Central and Latin America resulting from interest rate movements.

Energy & Commodities revenue was 2% lower than the pro forma H1 2016 at constant exchange rates. The decline reflects challenging market conditions where subsidised green energy has flattened power curves and lack of clarity in environmental markets has resulted in lower volumes, which has also been seen in the commodities business. This decline has, however, been largely offset by the continued growth in the oil business where revenues were up 10% on the pro forma comparative.

Institutional Services revenue shows particularly high revenue growth against pro forma H1 2016 and at constant exchange rates but this is due to the inclusion of £11m of revenue from our Appointed Representative agreement with Coex which only commenced at the end of H1 2016.

Data & Analytics revenue was 8% higher than pro forma H1 2016 at constant exchange rates as the business continues to see growth in demand for its expanded high quality Energy & Commodities data sets including oil data from the PVM brokerage.

There has also been a growing trend towards 'buy-side' asset owners and managers sourcing independent financial data. This trend continues and offers significant revenue growth opportunities for the Data & Analytics businesses to provide pricing and reference data.

Revenue by Region

£m	**H1 2017**	H1 2016			
		Pro forma (incl. ICAP)	Change	Reported (TP plc only)	Change
EMEA	**462**	436	+6%	244	+89%

Americas	**333**	336	-1%	154	+116%
Asia Pacific	**130**	127	+2%	71	+83%
	925	899	+3%	469	+97%
Exchange translation		(71)		(39)	
Statutory	**925**	828	+12%	430	+115%

EMEA
Revenue for the region of £462m has increased by 6% compared with pro forma H1 2016 at constant exchange rates, primarily driven by growth in Global Broking in both TP and ICAP brands where there were strong performances in Rates products, and also the structured products desks within Equities. Various macro market elements have contributed to this, including French and UK elections, Brexit uncertainty, US rate changes, and speculation on likelihood of UK interest rate moves.

Within Energy & Commodities, revenues from the oil desks, particularly in PVM saw growth overall, but this has been more than offset by the gas, power and other commodity product desks which have seen declines compared with the prior year on a pro forma basis.

Institutional Services has seen significant growth year on year, reflecting the inclusion of revenue from our Appointed Representative agreement with Coex, which only commenced at the end of H1 2016. Performance across Mirexa was strong earlier in the period, particularly in FX options, but has since slowed with recent structural changes.

Almost three quarters of Data & Analytics' revenue is generated in the region, and the business has seen continued growth in the period.

Average broker headcount in the region was 5% lower than H1 2016 on a pro forma basis, with average revenue per broker up 11%. Period-end broker headcount was 1,223.

Americas
Americas revenue of £333m was 1% lower than pro forma H1 2016 at constant exchange rates. The Americas has reduced broker headcount since 30 June 2016 by exiting underperforming brokers, increasing revenue per broker, and has positioned the business to continue to grow profit margins.

Within our Global Broking business, general market conditions continued to be mixed during the first half of 2017, although financial markets did see a slight increase in activity early on in 2017 with interest rate movements, resulting in growth in the Rates business which also benefited from the impact of strategic hires in interest rate derivatives. The region also benefited from the arrival of 14 credit derivative brokers at the end of September 2016.

Emerging Markets saw growth on the back of strong performance across brands in credit as well as Brazilian and Latam Non-Deliverable Forward products.

Both Equities and FX & Money Markets businesses saw declines in revenues in the first half of 2017 due to a lack of volatility in Equities markets (the VIX index saw near historical lows for most of the second quarter) and increased regulatory constraints in cash and deposits markets.

In Energy & Commodities revenue was slightly lower overall than pro forma H1 2016, which was particularly strong in the comparative period due to heightened activity in anticipation of energy policy change in advance of the US Presidential election.

Average broker headcount in the Americas was 4% lower than pro forma H1 2016, with average revenue per broker 3% higher. Period-end broker headcount in the Americas was 966.

Asia Pacific
Revenue in Asia Pacific saw growth of 2% overall compared with pro forma H1 2016 reflecting good performance in Global Broking and Energy & Commodities.

Global Broking revenue growth was driven primarily by the Rates business across the major financial centres in the region, reflecting pick up in market activity due to actual and expected US interest rate changes, and investment in headcount in the FX & Money Market business in Australia.

Overall growth in the Energy & Commodities revenue was driven by continued growth in oil products in Singapore and the energy business in Australia, and this was partially offset by a decline in the iron ore revenue in Singapore.

Revenue growth in the region has also benefited by a strong performance by the Global Broking's Risk Management Services business in the period.

Average broker headcount in the region was 4% lower than pro forma H1 2016 with average revenue per broker up 6%. Period-end broker headcount in Asia Pacific was 653.

Underlying operating profit
The revenue, underlying operating profit and underlying operating profit margin by region shown below are compared against pro forma and reported data for the prior period.

Revenue £m	**H1 2017**	H1 2016			
		Pro forma (incl. ICAP)	Change	Reported (TP plc only)	Change
EMEA	**462**	423	+9%	234	+97%
Americas	**333**	293	+14%	134	+149%
Asia Pacific	**130**	112	+16%	62	+110%
Statutory	**925**	828	+12%	430	+115%

Underlying operating profit £m	**H1 2017**	H1 2016			
		Pro forma (incl. ICAP)	Change	Reported (TP plc only)	Change
EMEA	**92**	74	+24%	47	+96%
Americas	**39**	31	+26%	11	+255%
Asia Pacific	**13**	12	+8%	9	+44%

Underlying	144	117	+23%	67	+115%

Underlying operating profit margin by region

£m	H1 2017	H1 2016	
		Pro forma (incl. ICAP)	Reported (TP plc only)
EMEA	**19.9%**	17.5%	20.3%
Americas	**11.7%**	10.6%	8.1%
Asia Pacific	**10.0%**	10.7%	14.0%
Underlying	**15.6%**	14.1%	15.6%

EMEA

Underlying operating profit in EMEA of £92m was 24% higher than pro forma H1 2016, and with revenue up 9%, the underlying operating margin has increased by 2.4% points, to 19.9%. These improvements reflect growth in the Rates business together with a reduction in the broker employment compensation percentage.

Americas

In the Americas, the underlying operating profit of £39m is 26% higher than pro forma H1 2016 and the underlying operating margin has improved by 1.1% points to 11.7% on a pro forma basis reflecting a reduction in the broker employment compensation percentage.

Asia Pacific

Underlying operating profit in Asia Pacific has increased by 8% to £13m on a pro forma basis and the underlying operating profit margin has decreased by 0.7% points to 10.0% primarily due to an increase in technology costs.

Statutory Income Statement

H1 2017

Income statement £m	**Underlying**	**Acquisition, disposal and integration costs**	**Exceptional items**	**Statutory**
Revenue	**925**	**-**	**-**	**925**
Operating profit	**144**	**-**	**-**	**144**
Charge relating to cost improvement programme	**-**	**-**	**(5)**	**(5)**
ICAP integration costs	**-**	**(28)**	**-**	**(28)**
Acquisition related share-based payment charge	**-**	**(5)**	**-**	**(5)**
Amortisation of intangible assets arising on consolidation	**-**	**(20)**	**-**	**(20)**
Operating profit	**144**	**(53)**	**(5)**	**86**
Net finance expense	**(15)**	**-**	**-**	**(15)**
Profit before tax	**129**	**(53)**	**(5)**	**71**
Tax	**(33)**	**13**	**1**	**(19)**
Share of net profit of associates and joint ventures	**6**	**-**	**-**	**6**
Non-controlling interests	**(1)**	**-**	**-**	**(1)**
Earnings	**101**	**(40)**	**(4)**	**57**
Average number of shares	**552.4m**			**552.4m**
Basic EPS	**18.3p**			**10.3p**

H1 2016

Income statement £m	**Underlying**	**Acquisition, disposal and integration costs**	**Exceptional items**	**Statutory**
Revenue	430	-	-	430
Operating profit	67	-	-	67
Charge relating to cost improvement programme	-	-	(5)	(5)
ICAP acquisition and integration costs	-	(10)	-	(10)
Acquisition related share-based payment charge	-	(5)	-	(5)
Amortisation of intangible assets arising on consolidation	-	(1)	-	(1)
Other acquisition and disposal items	-	(1)	-	(1)
Operating profit	67	(17)	(5)	45
Net finance expense	(7)	(3)	-	(10)
Profit before tax	60	(20)	(5)	35
Tax	(11)	2	1	(8)
Share of net profit of associates and joint ventures	2	-	-	2
Non-controlling interests	-	-	-	-
Earnings	51	(18)	(4)	29
Average number of shares	242.7m			242.7m
Basic EPS	21.0p			11.9p

Exceptional and acquisition, disposal and integration items

The Group presents its Consolidated Income Statement in a columnar format to aid the understanding of its results by separately presenting its underlying profit before acquisition, disposal and integration costs and exceptional items. Underlying profit is reconciled to profit before tax in the Consolidated Income Statement and is disclosed separately to give a clearer presentation of the Group's underlying trading results.

Acquisition, disposal and integration costs are excluded from underlying results as they reflect the impact of acquisitions and disposals rather than underlying trading performance.

The £28m charge for integration costs related to the acquisition of ICAP includes professional fees and staff costs relating to planning, setting up and running the integration workstreams, and staff severance costs.

The charge of £5m (2016: £5m) for share-based payments relates to the acquisition of PVM in November 2014, as the deferred payment to each individual vendor is amortised through the income statement over their relevant service period.

A further charge of £20m has been incurred through the income statement reflecting the amortisation of intangible assets other than goodwill arising on the acquisition of ICAP, PVM and MOAB, reflecting brand value, the value of customer relationships and other intangible assets. Amortisation of intangible assets arising on consolidation is excluded from underlying results to present the performance of the Group's acquired businesses consistently with its organically grown businesses where such intangible assets are not recognised.

The £5m exceptional charge in 2017 relating to the TP ICAP cost improvement programme reflects costs incurred in restructuring broker employment contracts and removing underperforming brokers. The programme will be finalised by the end of the year. Exceptional items have been excluded from underlying results as they are non-recurring and do not relate to the underlying performance of the business. While a cost improvement programme charge arose in 2016, it was for a discrete programme implemented in 2015.

Net finance expense

The underlying net finance expense of £15m is £9m higher than the £6m in H1 2016 (on a pro forma basis). The finance expense of £18m comprises £13m of interest expense on the Group's Sterling Notes, £11m of which relates to the £500m Sterling Notes issued in January 2017 to refinance the £470m bank bridge loan, £3m of fees relating to the bridge facility prior to its refinancing, £1m relating to the Revolving Credit Facility and another £1m of settlement interest expense. The expense is offset by £3m of interest income, £2m of cash interest on deposit balances and £1m of non-cash income on the Retirement Benefit Asset.

Tax

The effective rate of tax on underlying profit before tax is 26% (2016: 23% pro forma and 18% as reported), and reflects the estimated effective rate for the full year calculated on an unrounded basis. The increase in the overall rate is primarily due to the inclusion of the ICAP business in the results, which has driven an increase in the mix of taxable profits in the period to tax jurisdictions with higher statutory rates of tax, principally the US.

In addition the rate is higher than the 2016 full year pro forma estimate as the taxable profits in Tullett Prebon's US business are no longer being sheltered by unrecognised tax losses, as well as the introduction of new UK tax legislation which restricts the deduction of certain interest payments.

The effective rate of tax on statutory profit before tax is 26.8% (2016: 26.7% pro forma and 22.9% as reported).

Basic EPS

The average number of shares used for the basic EPS calculation of 552.4m reflects the 554.1m shares in issue less the 1.9m shares held by the Employee Benefit Trust at the beginning of the year, less the difference between the time apportionment elements of the 0.8m of shares acquired by the Employee Benefit Trust in June 2017 to satisfy deferred share awards made to senior management, and the 0.8m of deferred shares meeting their vesting requirements in April. The Employee Benefit Trust has waived its rights to dividends.

Cash flow

£m	**H1 2017**	H1 2016
Underlying Operating profit	**144**	67
Share-based compensation and other non-cash items	**2**	3
Depreciation and amortisation	**18**	8
EBITDA	**164**	78
Capital expenditure (net of disposals)	**(15)**	(5)
Other working capital	**(94)**	(28)
Operating cash flow	**55**	45
Exceptional items - cost improvement programme 2017	**(5)**	-
Exceptional items - cost improvement programme 2015	**(1)**	(18)
Exceptional items - ICAP acquisition and integration costs	**(33)**	(10)
ICAP integration capital expenditure	**(1)**	-
Equity issue costs	**(7)**	-
Share award purchases	**(4)**	(6)
Interest	**(4)**	(2)
Taxation	**(17)**	(11)
Dividends from associates and non-controlling interests (net)	**7**	2
Acquisition consideration and investments (net of disposals)	**1**	-
Cash flow	**(9)**	-

Capital expenditure totalling £16m includes the development of electronic platforms and 'straight through processing' technology, and investment in IT and communications infrastructure of the enlarged Group.

The working capital outflow reflects the higher level of trade receivables and settlement balances at June 2017 compared with the level at December 2016, due to the higher level of business activity towards the end of the half year compared with that towards the year end, and the reduction in bonus accruals which are at their highest at the year end. The scale of the outflow relative to the prior year also reflects the increased size of the Group, and is temporarily exacerbated by a £30m outflow caused by settlement balance fails that subsequently settled immediately after the period end.

During the first half of 2017 the Group made £5m of cash payments relating to actions taken under the 2017 cost improvement programme.

The £33m of expenditure relating to the integration of ICAP is higher than the £28m charge in the income statement as it includes a payment of £7m of costs charged in 2016, offset by a £2m non-cash write off.

The Company incurred £4m of cash expense relating to the purchase of its own shares to satisfy deferred equity awards made to senior management in the period.

Tax payments in the period are £17m. These are higher than the £11m paid in the first half of 2016, and reflect higher payments across a number of territories, including the US, due to the inclusion of payments of the acquired ICAP companies.

The movement in cash and debt is summarised below.

£m	**Cash***	**Debt**	**Net**

At 31 December 2016	786	(547)	239
Cash flow	(9)	-	(9)
Dividends	(27)	-	(27)
Issue of Sterling Notes January 2024	500	(500)	-
Sterling Note issue costs	(3)	3	-
Repayment of Bridge Facility	(470)	470	-
Amortisation of debt issue costs	-	(3)	(3)
Effect of movement in exchange rates	(18)	-	(18)
At 30 June 2017	759	(577)	182

* Includes financial assets.

Of the £759m cash and financial assets balance at the period end, £643m is held in 55 regulated entities to meet regulatory capital, margin and other trading requirements, £74m is held in non-regulated entities and £42m is held in corporate holding companies.

Debt Finance

The composition of the Group's outstanding debt is summarised below.

£m	**At 30 June 2017**	At 31 December 2016	At 30 June 2016
7.04% Sterling Notes July 2016	**-**	-	141
5.25% Sterling Notes June 2019	**80**	80	80
5.25% Sterling Notes June 2024	**500**	-	-
Bank bridge loan	**-**	470	-
Unamortised debt issue costs	**(3)**	(3)	(1)
	577	547	220

In January the Company issued a 7 year 5.25% Sterling Notes to repay the £470m bank bridge loan.

The Group has a £250m Revolving Credit Facility maturing in April 2019.

Exchange rates

The income statements and balance sheets of the Group's businesses whose functional currency is not GBP are translated into sterling at average and period end exchange rates respectively. The most significant exchange rates for the Group are the US dollar and the Euro. The Group's current policy is not to hedge income statement or balance sheet translation exposure. Average and period end exchange rates used in the preparation of the financial statements are shown below.

	Average			**Period End**		
	H1 2017	H1 2016	H2 2016	**30 June 2017**	31 December 2016	30 June 2016
US dollar	**$1.26**	$1.44	$1.29	**$1.30**	$1.24	$1.34
Euro	**€1.17**	€1.30	€1.17	**€1.14**	€1.17	€1.20

Pensions

The Group has one defined benefit pension scheme in the UK. The scheme is closed to new members and future accrual.

The triennial actuarial valuation of the scheme as at 30 April 2016 was concluded in April 2017. The actuarial funding surplus of the scheme at that date was £61m and under the agreed schedule of contributions the Company will continue not to make any payments into the scheme.

The assets and liabilities of the scheme are included in the Consolidated Balance Sheet in accordance with IAS 19. The fair value of the scheme's assets at 30 June 2017 was £260m (31 December 2016: £317m). The decrease reflects the investment return on the assets less amounts paid as benefits and transfers and the effect of the bulk annuity transaction explained below. The value of the scheme's liabilities at the end of June 2017, calculated in accordance with IAS 19, was £202m (31 December 2016: £217m). The valuation of the scheme's liabilities at the end of the period reflects the demographic assumptions adopted for the most recent triennial actuarial valuation and a discount rate of 2.5% (31 December 2016: 2.5%). Under IAS 19, the scheme shows a surplus, before the related deferred tax liability, of £58m at 30 June 2017 (31 December 2016: £100m).

On 11 May 2017 the Group announced that the Trustees had insured the defined benefit liabilities of the scheme through a bulk purchase annuity transaction with Rothesay Life for the payment of a premium of £270m to insure all scheme liabilities, which had an accounting value of £214m at that time. The policy is in the name of the scheme and is a scheme asset. The purchase of the policy represents a bulk annuity 'buy-in' and has been accounted for in accordance with the requirements of IAS 19 'Employee Benefits'. Under IAS 19, the accounting value of the purchased policy is set to be equal to the value of the liabilities covered, calculated using the current IAS 19 actuarial assumptions for the defined benefit obligation. As the actual purchase price of the policy was higher than the accounting value of the policy, a reduction of £56m in the Scheme's assets was recorded. This reduction is included within the Return on Scheme assets (excluding deemed interest) and reported as part of the Group's 're-measurement of defined benefit pension schemes' included within the Condensed Consolidated Statement of Comprehensive Income.

TP ICAP H1 2016 unaudited pro forma income statement

H1 2016 Pro forma **Income statement** **£m**	**Underlying**	**Acquisition, disposal and integration costs**	**Exceptional items**	**Reported**
Revenue	828	-	-	828
Operating profit	117	-	-	117
Charge relating to cost improvement programme	-	-	(5)	(5)
ICAP acquisition and integration costs	-	(10)	-	(10)
Acquisition related share-based payment charge	-	(5)	-	(5)
Amortisation of intangible assets arising on consolidation	-	(1)	-	(1)

Other acquisition and disposal items	-	(1)	-	(1)
Operating profit	117	(17)	(5)	95
Net finance expense	(6)	(3)	-	(9)
Profit before tax	111	(20)	(5)	86
Tax	(26)	2	1	(23)
Share of net profit of associates and joint ventures	4	-	-	4
Non-controlling interests	-	-	-	-
Earnings	89	(18)	(4)	67
Average number of shares	553.0m			553.0m
Basic EPS	16.1p			12.1p

The pro forma income statement for H1 2016 has been compiled by aggregating the unaudited H1 2016 financial statements of TP plc with financial data extracted from the books and records of ICAP over the six month period to June 2016 (see below). It does not include a deduction for amortisation of acquisition intangibles arising on the acquisition of ICAP of £19m that is included in H1 2017, and it does include £5m of non-recurring acquisition costs relating to the acquisition of ICAP.

£m	TP	ICAP	Pro forma
Revenue	430	398	828
Underlying operating profit	67	50	117
Underlying operating profit margin	*15.6%*	*12.6%*	*14.1%*
Finance income	3	2	5
Finance costs	(10)	(1)	(11)
Underlying profit before tax	60	51	111
Tax	(11)	(15)	(26)
Effective tax rate	*18%*	*29%*	*23%*
Share of JVs and associates less non-controlling interests	2	2	4
Net income	51	38	89
Exceptionals items	(4)	-	(4)
Acquisition, disposal and integration costs	(18)	-	(18)
Earnings	29	38	67
Weighted average basic shares in issue	242.7m	310.3m	553.0m
Underlying EPS	21.0p	12.2p	16.1p
Reported EPS	11.9p	12.2p	12.1p

~~~~~~

Condensed Consolidated Income Statement

for the six months ended 30 June 2017

Six months ended 30 June 2017 (unaudited)	Notes	**Underlying £m**	**Acquisition, disposal and integration costs £m**	**Exceptional items £m**	**Total £m**
Revenue	5	**925**	**-**	**-**	**925**
Administrative expenses		**(787)**	**(53)**	**(5)**	**(845)**
Other operating income	7	**6**	**-**	**-**	**6**
Operating profit	5,6	**144**	**(53)**	**(5)**	**86**
Finance income	8	**3**	**-**	**-**	**3**
Finance costs	9	**(18)**	**-**	**-**	**(18)**
Profit before tax		**129**	**(53)**	**(5)**	**71**
Taxation		**(33)**	**13**	**1**	**(19)**
Profit after tax		**96**	**(40)**	**(4)**	**52**
Share of results of associates and joint ventures		**6**	**-**	**-**	**6**
Profit for the period		**102**	**(40)**	**(4)**	**58**
Attributable to:					
Equity holders of the parent		**101**	**(40)**	**(4)**	**57**
Non-controlling interests		**1**	**-**	**-**	**1**
		102	**(40)**	**(4)**	**58**
Earnings per share					
- Basic	10	**18.3p**			**10.3p**
- Diluted	10	**18.0p**			**10.1p**
Six months ended 30 June 2016 (unaudited)					
Revenue	5	430	-	-	430
Administrative expenses		(365)	(17)	(5)	(387)
Other operating income	7	2	-	-	2
Operating profit	5,6	67	(17)	(5)	45
Finance income	8	3	-	-	3
Finance costs	9	(10)	(3)	-	(13)
Profit before tax		60	(20)	(5)	35
Taxation		(11)	2	1	(8)
Profit after tax		49	(18)	(4)	27
Share of results of associates		2	-	-	2
Profit for the period		51	(18)	(4)	29
Attributable to:					
Equity holders of the parent		51	(18)	(4)	29
~~~~~~

Non-controlling interests		-	-	-	-
		51	(18)	(4)	29
Earnings per share					
- Basic	10	21.0p			11.9p
- Diluted	10	20.1p			11.5p

Year ended 31 December 2016	Notes	Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	Total £m
Revenue	5	892	-	-	892
Administrative expenses		(763)	(57)	(6)	(826)
Other operating income	7	3	-	4	7
Operating profit	5,6	132	(57)	(2)	73
Finance income	8	5	-	-	5
Finance costs	9	(15)	(6)	-	(21)
Profit before tax		122	(63)	(2)	57
Taxation		(22)	5	-	(17)
Profit after tax		100	(58)	(2)	40
Share of results of associates		4	-	-	4
Profit for the period		104	(58)	(2)	44
Attributable to:					
Equity holders of the parent		103	(58)	(2)	43
Non-controlling interests		1	-	-	1
		104	(58)	(2)	44
Earnings per share					
- Basic	10	42.5p			17.8p
- Diluted	10	41.0p			17.2p

~~~~~~

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2017

	Six months ended 30 June 2017 (unaudited) £m	Six months ended 30 June 2016 (unaudited) £m	Year ended 31 December 2016 £m
Profit for the period	**58**	29	44
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	**(43)**	26	6
Taxation relating to items not reclassified	**15**	(9)	(2)
	(28)	17	4
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
- Revaluation gains	**-**	1	1
- Revaluation gains transferred to income statement	**(1)**	-	-
	(1)	1	1
Effect of changes in exchange rates on translation of foreign operations	**(34)**	34	59
Taxation relating to items that may be reclassified	**(1)**	-	-
	(36)	35	60
Other comprehensive income for the period	**(64)**	52	64
Total comprehensive income for the period	**(6)**	81	108
Attributable to:			
Equity holders of the parent	**(7)**	81	107
Non-controlling interests	**1**	-	1
	(6)	81	108

~~~~~~

Condensed Consolidated Balance Sheet

as at 30 June 2017

	30 June 2017	30 June 2016	31 December 2016

	Notes	(unaudited) £m	(unaudited) £m	£m
Non-current assets				
Intangible assets arising on consolidation		**1,681**	372	1,713
Other intangible assets		**68**	22	70
Property, plant and equipment		**32**	26	36
Investment in associates		**56**	6	54
Investment in joint ventures		**4**	-	8
Available-for-sale investments		**19**	10	23
Deferred tax assets		**25**	4	27
Retirement benefit assets	12	**58**	116	100
Other long term receivables		**19**	-	18
		1,962	556	2,049
Current assets				
Trade and other receivables		**43,992**	12,919	23,160
Financial assets		**71**	18	90
Cash and cash equivalents		**688**	352	696
		44,751	13,289	23,946
Total assets		**46,713**	13,845	25,995
Current liabilities				
Trade and other payables		**(43,978)**	(12,927)	(23,238)
Interest bearing loans and borrowings		**-**	(141)	(467)
Current tax liabilities		**(47)**	(15)	(42)
Short term provisions		**(20)**	(10)	(19)
		(44,045)	(13,093)	(23,766)
Net current assets		**706**	196	180
Non-current liabilities				
Interest bearing loans and borrowings		**(577)**	(79)	(80)
Deferred tax liabilities		**(174)**	(43)	(197)
Long term provisions		**(4)**	(7)	(9)
Other long term payables		**(21)**	(25)	(21)
Retirement benefit obligations	12	**(4)**	-	(3)
		(780)	(154)	(310)
Total liabilities		**(44,825)**	(13,247)	(24,076)
Net assets		**1,888**	598	1,919
Equity				
Share capital		**139**	61	139
Share premium		**17**	17	17
Merger reserve		**1,378**	179	1,378
Other reserves		**(1,151)**	(1,136)	(1,111)
Retained earnings		**1,484**	1,475	1,475
Equity attributable to equity holders of the parent		**1,867**	596	1,898
Non-controlling interests		**21**	2	21
Total equity		**1,888**	598	1,919

~~~~~~

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2017

	Equity attributable to equity holders of the parent										
	Share capital £m	Share premium account £m	Merger Reserve £m	Reverse acquisition reserve £m	Re-valuation reserve £m	Hedging and translation £m	Own shares £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
30 June 2017 (unaudited)											
Balance at 1 January 2017	139	17	1,378	(1,182)	2	75	(6)	1,475	1,898	21	1,919
Profit for the period	-	-	-	-	-	-	-	57	57	1	58
Other comprehensive income for the period	-	-	-	-	(1)	(35)	-	(28)	(64)	-	(64)
Total comprehensive income for the period	-	-	-	-	(1)	(35)	-	29	(7)	1	(6)
Dividends paid	-	-	-	-	-	-	-	(27)	(27)	(1)	(28)
Own shares acquired for employee trusts	-	-	-	-	-	-	(4)	-	(4)	-	(4)
Credit arising on share-based payment awards	-	-	-	-	-	-	-	7	7	-	7
Balance at 30 June 2017	139	17	1,378	(1,182)	1	40	(10)	1,484	1,867	21	1,888
~~~~~~

30 June 2016 (unaudited)											
Balance at 1 January 2016	61	17	179	(1,182)	1	16	-	1,448	540	2	542
Profit for the period	-	-	-	-	-	-	-	29	29	-	29
Other comprehensive income for the period	-	-	-	-	1	34	-	17	52	-	52
Total comprehensive income for the period	-	-	-	-	1	34	-	46	81	-	81
Dividends paid	-	-	-	-	-	-	-	(27)	(27)	-	(27)
Own shares acquired for employee trusts	-	-	-	-	-	-	(6)	-	(6)	-	(6)
Credit arising on share-based payment awards	-	-	-	-	-	-	-	8	8	-	8
Balance at 30 June 2016	61	17	179	(1,182)	2	50	(6)	1,475	596	2	598

31 December 2016											
Balance at 1 January 2016	61	17	179	(1,182)	1	16	-	1,448	540	2	542
Profit for the year	-	-	-	-	-	-	-	43	43	1	44
Other comprehensive income for the year		-			1	59	-	4	64	-	64
Total comprehensive income for the year		-	-	-	1	59	-	47	107	1	108
Dividends paid	-	-	-	-	-	-	-	(41)	(41)	(1)	(42)
Own shares acquired for employee trusts	-	-	-	-	-	-	(6)	-	(6)	-	(6)
Issue of ordinary shares	78	-	1,206	-	-	-	-	-	1,284	-	1,284
Share issue costs	-	-	(7)	-	-	-	-	-	(7)	-	(7)
Non-controlling interests arising on acquisitions	-	-	-	-	-	-	-	-	-	19	19
Credit arising on share-based payment awards	-	-	-	-	-	-	-	21	21	-	21
Balance at 31 December 2016	139	17	1,378	(1,182)	2	75	(6)	1,475	1,898	21	1,919

~~~~~~

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2017

	Notes	**Six months ended 30 June 2017 (unaudited) £m**	Six months ended 30 June 2016 (unaudited) £m	Year ended 31 December 2016 £m
Cash flows from operating activities	13	**8**	7	59
Investing activities				
Sale of financial assets		**15**	6	2
Sale of available-for-sale investments		**4**	-	-
Interest received		**2**	1	2
Dividends from associates and joint ventures		**8**	2	2
Expenditure on intangible fixed assets		**(12)**	(4)	(14)
Purchase of property, plant and equipment		**(4)**	(1)	(3)
Deferred consideration paid		**(3)**	-	(3)
Cash acquired with acquisitions		**-**	-	316
Net cash flows from investment activities		**10**	4	302
Financing activities				
Dividends paid	11	**(27)**	(27)	(41)
Dividends paid to non-controlling interests		**(1)**	-	(1)
Share issue costs		**(7)**	-	-
Own shares acquired for employee trusts		**(4)**	(6)	(6)
Drawdown of revolving credit facility		**-**	-	140
Repayment of maturing Sterling Notes		**-**	-	(141)
Funds received from issue of Sterling Notes		**500**	-	-
Funds received from bank debt		**-**	-	470
Repayment of bank debt		**(470)**	-	-
Repayment of revolving credit facility		**-**	-	(140)
Repayment of loan acquired with ICAP		**-**	-	(330)
Debt issue and bank facility arrangement costs		**(3)**	(2)	(4)
~~~~~~

Net cash flows from financing activities		**(12)**	(35)	(53)
Net increase/(decrease) in cash and cash equivalents		**6**	(24)	308
Cash and cash equivalents at the beginning of the period		**696**	359	359
Effect of foreign exchange rate changes		**(14)**	17	29
Net cash and cash equivalents at the end of the period	14	**688**	352	696
Cash and cash equivalents		**695**	352	698
Overdrafts		**(7)**	-	(2)
Net cash and cash equivalents at the end of the period		**688**	352	696

~~~~~~

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

1. General information

The condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union ('EU'). This condensed financial information should be read in conjunction with the statutory Group Financial Statements for the year ended 31 December 2016 which were prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU.

The statutory Group Financial Statements for the year ended 31 December 2016 have been reported on by the Company's auditors, Deloitte LLP, and have been delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated financial information for the six months ended 30 June 2017 has been prepared using accounting policies consistent with IFRSs. The interim information, together with the comparative information contained in this report for the year ended 31 December 2016, does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The financial information is unaudited but has been reviewed by the Company's auditor, Deloitte LLP, and their report appears at the end of the Interim Management Report.

2. Basis of preparation

(a) Basis of accounting

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be used in preparing these Condensed Consolidated Financial Statements.

The Condensed Consolidated Financial Statements are rounded to the nearest million pounds (expressed as £m), except where otherwise indicated.

(b) Basis of consolidation

The Group's Condensed Consolidated Financial Statements incorporate the financial information of the Company and entities controlled by the Company made up to each reporting period. Under IFRS 10 control is achieved where the Company exercises power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect the returns from the entity.

(c) Presentation of the Income Statement

The Group maintains a columnar format for the presentation of its Condensed Consolidated Income Statement. The columnar format enables the Group to continue its practice of aiding the understanding of its results by presenting its underlying profit. This is the profit measure used to calculate underlying EPS (Note 10) and is considered to be the most appropriate as it better reflects the Group's underlying earnings. Underlying profit is reconciled to profit before tax on the face of the Condensed Consolidated Income Statement, which also includes acquisition, disposal and integration costs and exceptional items.

The column 'acquisition, disposal and integration costs' includes: any gains, losses or other associated costs on the full or partial disposal of investments, associates, joint ventures or subsidiaries and costs associated with a business combination that do not constitute fees relating to the arrangement of financing; amortisation or impairment of intangible assets arising on consolidation; any re-measurement after initial recognition of contingent consideration which has been classified as a liability, and any gains or losses on the revaluation of previous interests.

The column may also include items such as gains or losses on the settlement of pre-existing relationships with acquired businesses and the re-measurement of liabilities that are above the value of indemnification.

Acquisition-related integration costs include costs associated with exit or disposal activities, which do not meet the criteria of discontinued operations, including costs for employee and lease terminations, or other exit activities. Additionally, these costs include expenses directly related to integrating and reorganising acquired businesses and include items such as employee retention costs, recruiting costs, certain moving costs, certain duplicative costs during integration and asset impairments.

Items which are of a non-routine 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 Condensed Consolidated Income Statement.

(d) Accounting policies

The same accounting policies, presentation and methods of computation have been followed in the Condensed Consolidated Financial Statements as applied in the Group's latest annual audited Group Financial Statements for the year ended 31 December 2016.
~~~~~~

3. Related party transactions

Related party transactions are described in Note 36 to the 2016 statutory Group Financial Statements. There have been no material changes in the nature or value of related party transactions in the six months ended 30 June 2017.

4. Principal risks and uncertainties

Robust risk management is fundamental to the achievement of the Group's objectives. The Group identifies the risks to which it is exposed as a result of its business objectives, strategy and operating model, and categorises those risks into five 'risk impacts': Capital, Liquidity, Reputation, Regulatory standing and Access to capital markets. The risks identified within each of these categories, along with an explanation of how the Group seeks to manage or mitigate these risk exposures can be found on pages 32 to 37 of the latest Annual Report which is available at www.tpicap.com. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 December 2016. Risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year are discussed in the Interim Management Report.

5. Segmental analysis

Products and services from which reportable segments derive their revenues

The Group is organised by geographic reporting segments which are used for the purposes of resource allocation and assessment of segmental performance by Group management. These are the Group's reportable segments under IFRS 8 'Operating Segments'.

Revenue arising in each geographic reportable segment is derived from four business divisions; Global Broking, Energy & Commodities, Institutional Services, and Data & Analytics. Revenue for the six months ended 30 June 2016 and for the year ended 31 December 2016 has been classified by business division having been previously reported by the former product groupings of Energy & Commodities, Interest Rate Derivatives, Fixed Income, Treasury Products, Equities, and Information Sales and Risk Management Services.

Information regarding the Group's operating segments is reported below:

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Revenue			
EMEA	**462**	234	481
Americas	**333**	134	280
Asia Pacific	**130**	62	131
	925	430	892
Operating profit			
EMEA	**92**	47	98
Americas	**39**	11	18
Asia Pacific	**13**	9	16
Underlying operating profit	**144**	67	132
Acquisition, disposal and integration costs (Note 6)	**(53)**	(17)	(57)
Exceptional items (Note 6)	**(5)**	(5)	(2)
Reported operating profit	**86**	45	73
Finance income	**3**	3	5
Finance costs	**(18)**	(13)	(21)
Profit before tax	**71**	35	57
Taxation	**(19)**	(8)	(17)
Profit of consolidated companies	**52**	27	40
Share of results of associates and joint ventures	**6**	2	4
Profit for the period	**58**	29	44

There are no inter-segment sales included in segment revenue.

Revenue by Business Division	**Six months ended 30 June 2017 £m**	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
- Rates	**279**	105	215
- Credit	**65**	40	78
- FX & Money Markets	**111**	68	137
- Emerging Markets	**120**	45	94
- Equities	**95**	28	57
Global Broking	**670**	286	581
Energy & Commodities	**182**	117	244
Institutional Services	**16**	4	17
Data & Analytics	**57**	23	50
	925	430	892

Other segmental information

	30 June 2017 £m	30 June 2016 £m	31 December 2016 £m
Segment assets			
EMEA - UK	**25,520**	7,711	8,400
EMEA - Other	**816**	99	61
Americas	**19,401**	5,937	16,569
Asia Pacific	**283**	98	278
	46,020	13,845	25,308
Unallocated goodwill arising on the acquisition of ICAP	**693**	-	687

	46,713	13,845	25,995
Segment liabilities			
EMEA - UK	**24,795**	7,305	7,686
EMEA - Other	**805**	94	50
Americas	**19,072**	5,802	16,193
Asia Pacific	**153**	46	147
	44,825	13,247	24,076

Segmental assets and liabilities exclude all inter-segment balances.

The Group continues to review the assets and liabilities it acquired with ICAP together with their associated fair values. As permitted by IFRS 3 'Business Combinations', this review will be completed during the 12 month 'measurement period' ending on 30 December 2017. Goodwill will be allocated to relevant Cash Generating Units, ('CGU's') on completion of the measurement period review, and within the time limit permitted by IAS 36 'Impairment of assets'.

6. Acquisition, disposal and integration costs, and Exceptional items

Acquisition, disposal and integration costs comprise:

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
ICAP acquisition costs	**-**	5	17
ICAP integration costs	**28**	5	19
Acquisition related share-based payment charge	**5**	5	17
Amortisation of intangible assets arising on consolidation	**20**	1	2
Adjustments to acquisition consideration	**-**	1	2
	53	17	57
Finance costs (Note 9)	**-**	3	6
	53	20	63
Taxation	**(13)**	(2)	(5)
	40	18	58

ICAP integration costs comprise:

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Employee related costs	**16**	1	7
Premises and equipment	**1**	-	1
Other administrative costs	**11**	4	11
	28	5	19

Exceptional items comprise:

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Pension scheme settlement gain	**-**	-	(4)
Charge relating to cost improvement programmes	**5**	5	6
	5	5	2
Taxation	**(1)**	(1)	-
	4	4	2

7. Other operating income

Other operating income represents receipts such as rental income, royalties, insurance proceeds, settlements from competitors and business relocation grants. Costs associated with such items are included in administrative expenses.

8. Finance income

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Interest receivable and similar income	**2**	1	2
Deemed interest arising on the defined benefit pension scheme surplus	**1**	2	3
	3	3	5

9. Finance costs

	Underlying £m	**Acquisition related £m**	**Total £m**
30 June 2017 (unaudited)			
Interest and fees payable on bank facilities	**1**	**-**	**1**
Interest payable on Sterling Notes July 2024	**11**	**-**	**11**
Interest payable on Sterling Notes June 2019	**2**	**-**	**2**
Other interest payable	**1**	**-**	**1**

Amortisation of debt issue and bank facility costs	**3**	**-**	**3**
Total borrowing costs	**18**	**-**	**18**
30 June 2016 (unaudited)			
Interest and fees payable on bank facilities	1	1	2
Interest payable on Sterling Notes July 2016	5	-	5
Interest payable on Sterling Notes June 2019	2	-	2
Other interest payable	1	-	1
Amortisation of debt issue and bank facility costs	1	2	3
Total borrowing costs	10	3	13
31 December 2016			
Interest and fees payable on bank facilities	4	3	7
Interest payable on Sterling Notes July 2016	5	-	5
Interest payable on Sterling Notes June 2019	4	-	4
Other interest payable	1	-	1
Amortisation of debt issue and bank facility costs	1	3	4
Total borrowing costs	15	6	21

10. Earnings per share

	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
Basic - underlying	**18.3p**	21.0p	42.5p
Diluted - underlying	**18.0p**	20.1p	41.0p
Basic earnings per share	**10.3p**	11.9p	17.8p
Diluted earnings per share	**10.1p**	11.5p	17.2p

The calculation of basic and diluted earnings per share is based on the following number of shares:

	Six months ended 30 June 2017 No. (m)	Six months ended 30 June 2016 No. (m)	Year ended 31 December 2016[1] No. (m)
Basic weighted average shares	**552.4**	242.7	242.3
Contingently issuable shares	**9.9**	10.4	9.1
Diluted weighted average shares	**562.3**	253.1	251.4

Note:
The 310,314,296 shares issued to acquire ICAP at the end of December 2016 had a nil weighting when calculating the weighted average number of shares as at 31 December 2016 because the shares were issued at the end of the year and none of the earnings related to the newly issued shares.

The earnings used in the calculation of underlying, basic and diluted earnings per share are set out below:

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Profit for the period	**58**	29	44
Non-controlling interests	**(1)**	-	(1)
Earnings	**57**	29	43
Acquisition, disposal and integration costs (Note 6)	**53**	20	63
Exceptional items (Note 6)	**5**	5	2
Taxation	**(14)**	(3)	(5)
Underlying earnings	**101**	51	103

11. Dividends

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Amounts recognised as distributions to equity holders in the period:			
Second interim dividend for the year ended 31 December 2016 of 11.25p per share	**27**	-	-
Interim dividend for the year ended 31 December 2016 of 5.6p per share	**-**	-	14
Final dividend for the year ended 31 December 2015 of 11.25p per share	**-**	27	27
	27	27	41

An interim dividend of 5.6p per share will be paid on 10 November 2017 to all shareholders on the Register of Members on 13 October 2017.

As at 30 June 2017 the Tullett Prebon plc Employee Benefit Trust 2007 held 2,668,144 ordinary shares (2016: 1,927,575 ordinary shares) and has waived its rights to dividends.

12. Retirement benefits

The Group has a defined benefit pension scheme in the UK and a small number of schemes operated in other countries.

	30 June 2017 £m	30 June 2016 £m	31 December 2016 £m
Defined benefit scheme surplus - UK	**58**	116	100
Defined benefit schemes deficit - Overseas	**(4)**	-	(4)

Movements in the UK Scheme's assets and liabilities were as follows:

	30 June 2017 £m	30 June 2016 £m	31 December 2016 £m
Fair value of Scheme assets:			
Opening balance	**317**	290	290
Deemed interest income	**4**	5	10
Return on Scheme assets (excluding deemed interest)	**(56)**	45	51
Benefits paid/transfers out	**(5)**	(7)	(33)
Administrative expenses	**-**	-	(1)
Closing balance	**260**	333	317
Present value of Scheme liabilities:			
Opening balance	**(217)**	(202)	(202)
Deemed interest cost	**(3)**	(3)	(7)
Settlement gains	**-**	-	4
Actuarial gains/(losses)	**13**	(19)	(45)
Benefits paid/transfers out	**5**	7	33
	(202)	(217)	(217)
Scheme surplus	**58**	116	100

During the six months to June 2017, the Trustees of the Scheme purchased a bulk annuity policy with an insurance company that covered all of the Scheme's liabilities. The policy is in the name of the Scheme and is a Scheme asset.

The purchase of the policy represents a bulk annuity 'buy-in' and has been accounted for in accordance with the requirements of IAS 19 'Employee Benefits'. Under IAS 19, the accounting value of the purchased policy is set to be equal to the value of the liabilities covered, calculated using the current IAS 19 actuarial assumptions for the defined benefit obligation. As the actual purchase price of the policy was higher than the accounting value of the policy, a reduction in the Scheme's assets was recorded. This reduction is included within the Return on Scheme assets (excluding deemed interest) and reported as part of the Group's 'Remeasurement of defined benefit pension schemes' included within the Condensed Consolidated Statement of Comprehensive Income.

13. Reconciliation of operating result to net cash from operating activities

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Operating profit	**86**	45	73
Adjustments for:			
- Share-based compensation expense	**2**	3	4
- Pension scheme's administration costs	**-**	-	1
- Depreciation of property, plant and equipment	**6**	4	8
- Amortisation of intangible assets	**12**	4	8
- Pension scheme settlement gains	**-**	-	(4)
- Acquisition related share-based payment charge	**5**	5	17
- Amortisation of intangible assets arising on consolidation	**20**	1	2
- Loss on derecognition of intangible assets	**2**	-	-
- Remeasurement of deferred consideration	**-**	1	2
- Gain on disposal of available-for-sale investments	**(1)**	-	-
- Non-cash movement in FVTPL balances	**(1)**	-	1
Decrease in provisions for liabilities and charges	**(5)**	(14)	(17)
Increase/(decrease) in non-current liabilities	**2**	-	(1)
Operating cash flows before movement in working capital	**128**	49	94
Increase in trade and other receivables	**(33)**	(9)	(18)
Increase in net settlement and trading balances	**(27)**	(4)	(2)
(Decrease)/increase in trade and other payables	**(37)**	(14)	23
Cash generated from operations	**31**	22	97
Income taxes paid	**(17)**	(11)	(17)
Interest paid	**(6)**	(4)	(21)
Net cash from operating activities	**8**	7	59

14. Analysis of net funds

	1 January 2017 £m	Cash flow £m	Non-cash items £m	Exchange differences £m	30 June 2017 £m
Cash	**657**	**8**	**-**	**(13)**	**652**
Cash equivalents	**41**	**3**	**-**	**(1)**	**43**

Overdrafts	**(2)**	**(5)**	**-**	**-**	**(7)**
Cash and cash equivalents	**696**	**6**	**-**	**(14)**	**688**
Financial assets	**90**	**(15)**	**-**	**(4)**	**71**
Total funds	**786**	**(9)**	**-**	**(18)**	**759**
Bank loan due within one year	**(467)**	**470**	**(3)**	**-**	**-**
Notes due after one year	**(80)**	**(497)**	**-**	**-**	**(577)**
	(547)	**(27)**	**(3)**	**-**	**(577)**
Total net funds	**239**	**(36)**	**(3)**	**(18)**	**182**

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

Financial assets comprise short term government securities, term deposits and restricted funds held with banks and clearing organisations.

In January 2017 the Group issued £500m unsecured Sterling Notes due January 2024. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. Debt issue costs amounted to £3m. Proceeds were used to repay the £470m bank loan.

15. Contingent liabilities

FCA investigation

Tullett Prebon Europe Limited ('TPEL') is currently under investigation by the FCA in relation to certain trades undertaken between 2008 and 2011, including trades which are risk free, which are alleged to have no commercial rationale or economic purpose, on which brokerage is paid, and trades on which brokerage may have been improperly charged. As part of its investigation, the FCA is considering the extent to which during the relevant period (i) TPEL's systems and controls were adequate to manage the risks associated with such trades and (ii) whether certain of TPEL's managers were aware of, and/or managed appropriately the risks associated with, the trades. The FCA is also reviewing the circumstances surrounding a failure in 2011 by TPEL to discover certain audio files and produce them to the FCA in a timely manner. As the investigation is ongoing, it is not possible to predict its ultimate outcome and accordingly any potential liability and/or financial impact cannot currently be reliably estimated.

Bank Bill Swap Reference Rate case

On 16 August 2016, a new litigation was filed in the United States District Court for the Southern District of New York naming the Company, ICAP plc, ICAP Australia Pty LTD ('IAPL') and Tullett Prebon (Australia) Pty. Limited as defendants together with various Bank Bill Swap Reference Rate ('BBSW') setting banks. The complaint alleges collusion by the defendants to fix BBSW-based derivatives prices through manipulative trading during the fixing window and false BBSW rate submissions. Each of the defendants named above intend to defend the litigation vigorously. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact.

Labour claims - ICAP Brazil

ICAP do Brasil Corretora De Títulos e Varoles Mobiliários Ltda ('ICAP Brazil') is a defendant in 16 pending lawsuits filed in the Brazilian Labour Court by persons formerly associated with ICAP Brazil seeking damages under various statutory labour rights accorded to employees and in relation to various other claims including wrongful termination, breach of contract and harassment (together the 'Labour claims'). The Group estimates the maximum potential aggregate exposure in relation to the Labour claims to be BRL 48.4m. ICAP Brazil may also be exposed to a potential social security tax liability in relation to the Labour claims. The Group is covered by an indemnity from NEX in relation to any outflow in respect of the Labour claims.

Flow case - Tullett Prebon Brazil

In December 2012, Flow Participações Ltda. and Brasil Plural Corretora de Câmbio, Títulos e Valores ('Flow') initiated a lawsuit against Tullett Prebon Brasil S.A. Corretora de Valores e Câmbio and Tullett Prebon Holdings do Brasil Ltda alleging that the defendants have committed a series of unfair competition misconducts, such as the recruitment of Flow's former employees, the illegal obtainment and use of systems and software developed by the plaintiffs, as well as the transfer of technology and confidential information from Flow and the collusion to do so in order to increase profits from economic activities. The amount currently claimed is BRL 182m. Tullett intends to vigorously defend itself but there is no certainty as to the outcome of these claims. The case is currently in an early evidentiary phase and it is stayed pending discussion before the Superior Court of Justice regarding the production of evidence. Therefore, the case is not anticipated to be resolved in 2017.

ISDA Fix

The CFTC and other government agencies have requested information from the NEX Group in relation to the setting of the US dollar segment of a benchmark known as ISDA Fix. ICAP plc's successor firm, NEX, continues to co-operate with the agencies' inquiries into the setting of that rate. ICAP Capital Markets LLC ('ICM') was the collection agent for ISDA Fix panel bank submissions in US dollars, but was not a panel member itself. It is not possible to predict the ultimate outcome of the CFTC investigation or to provide an estimate of any potential financial impact. In September and October 2014, five class actions were filed alleging injury due to purported manipulation of the USD ISDA Fix rate. ICM is a defendant in those actions, which have now been consolidated into a single action, along with several ISDA Fix panel banks. Pursuant to the terms of the sale and purchase agreement between the Company and NEX it was agreed that ICM would transfer its activities and business to the Company but that ICM would not be transferred to the Company's ownership at completion. It was further agreed that in the event of any claims or losses arising in relation to ISDA Fix, these would be for the account of NEX. It is not possible to predict the ultimate outcome of the litigation or the CFTC's enquiries or to provide an estimate of any potential financial impact. The Company and its Group may nevertheless suffer financial loss either directly or as a consequence of damage to its reputation as a result of these matters.

Swaps civil litigation

In December 2016, ICAP SEF (US) LLC and ICAP Global Derivatives Limited were named in a class action alleging that they and certain dealer banks colluded to prevent buy side customers from accessing all-to-all anonymous electronic trading platforms and therefore prevented buy side customers from getting access to the best interest rate swap prices. The actions generally asserted claims of violation of antitrust laws and unjust enrichment. Each of ICAP SEF (US) LLC and ICAP Global Derivatives Limited intend to defend these litigation claims vigorously. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact. The Company expects that it will benefit from the warranty provisions of the sale and purchase agreement with NEX such that any outflow in respect of the ICAP entities with regard to this litigation will be borne by NEX. In July 2017, the Court dismissed the claims against ICAP SEF (US) LLC and ICAP Global Derivatives Limited. No subsidiary of the Group is therefore currently named as a defendant in relation to this class action.

General note

From time to time the Company's subsidiaries are engaged in litigation in relation to a variety of matters, and it is required to provide information to regulators and other government agencies as part of informal and formal enquiries or market reviews. The Company's reputation may also be damaged by any involvement or the involvement of any of its employees or former employees in any regulatory investigation and by any allegations or findings, even where the associated fine or penalty is not material.

In the normal course of business, certain of the Company's subsidiaries enter into guarantees and indemnities to cover trading arrangements and/or the use of third party services or software.

Save as outlined above in respect of legal matters or disputes for which a provision has not been made, notwithstanding the uncertainties that are inherent in the outcome of such matters, there are no individual matters which are considered to pose a significant risk of material adverse financial impact on the Company's results or net assets.

The Group operates in a wide variety of jurisdictions around the world and uncertainties therefore exist with respect to the interpretation of complex tax laws and practices of those territories. The Group establishes provisions for taxes other than current and deferred income taxes, based upon various factors which are continually evaluated, if there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

16. Allocation of other comprehensive income within Equity

	Equity attributable to equity holders of the parent						
	Re-valuation reserve £m	Hedging and translation £m	Own shares £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Six months ended 30 June 2017 (unaudited)							
Available-for-sale investments:							
- Revaluation gains	-	-	-	-	-	-	-
- Revaluation gains transferred to income statement	(1)	-	-	-	(1)	-	(1)
	(1)	-	-	-	(1)	-	(1)
Effect of changes in exchange rates on translation of foreign operations	-	(34)	-	-	(34)	-	(34)
Remeasurement of the defined benefit pension scheme	-	-	-	(43)	(43)	-	(43)
Taxation on components of other comprehensive income	-	(1)	-	15	14	-	14
Other comprehensive income for the period	(1)	(35)	-	(28)	(64)	-	(64)
Six months ended 30 June 2016 (unaudited)							
Available-for-sale investments - revaluation gains	1	-	-	-	1	-	1
Effect of changes in exchange rates on translation of foreign operations	-	34	-	-	34	-	34
Remeasurement of the defined benefit pension scheme	-	-	-	26	26	-	26
Taxation on components of other comprehensive income	-	-	-	(9)	(9)	-	(9)
Other comprehensive income for the period	1	34	-	17	52	-	52
Year ended 31 December 2016							
Available-for-sale investments - revaluation gains	1	-	-	-	1	-	1
Effect of changes in exchange rates on translation of foreign operations	-	59	-	-	59	-	59
Remeasurement of the defined benefit pension scheme	-	-	-	6	6	-	6
Taxation on components of other comprehensive income	-	-	-	(2)	(2)	-	(2)
Other comprehensive income for the year	1	59	-	4	64	-	64

17. Fair value of financial instruments carried at fair value

The accounting policies, control framework and hierarchy used to determine fair values at 30 June 2017 are consistent with those applied in the Group Financial Statements for the year ended 31 December 2016.

Financial instruments carried at fair value and bases of valuation:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
As at 30 June 2017 (unaudited)				
Available-for-sale investments				
- unlisted	**-**	**8**	**9**	**17**
- listed	**2**	**-**	**-**	**2**
Loans and receivables	**-**	**-**	**-**	**-**
Financial assets				
- short term government securities	**24**	**-**	**-**	**24**
- financial assets at FVTPL	**-**	**42**	**-**	**42**
Financial liabilities				
- financial liabilities at FVTPL	**-**	**(42)**	**-**	**(42)**
	26	**8**	**9**	**43**
As at 31 December 2016				
Available-for-sale investments				
- unlisted	-	8	9	17
- listed	3	-	-	3
Loans and receivables	-	-	3	3

Financial assets				
- short term government securities	18	-	-	18
- financial assets at FVTPL	-	92	-	92
Financial liabilities				
- financial liabilities at FVTPL	-	(93)	-	(93)
	21	7	12	40

There were no transfers between Level 1 and 2 during the period.

Reconciliation of Level 3 fair value movements:

	£m
Balance as at 1 January 2017	**12**
Disposals	**(3)**
Balance as at 30 June 2017	**9**

~~~~~~

Directors' Responsibility Statement

The Directors confirm, to the best of their knowledge, that the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, and that the Interim Management Report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

By order of the Board

Andrew Baddeley
Chief Financial Officer

8 August 2017

~~~~~~

Independent Review Report to TP ICAP plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half year report for the six months ended 30 June 2017 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and related Notes 1 to 17. We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half year report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half year report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half year report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half year report based on our review.

Scope of Review

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 inquiries, 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half year report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, UK
8 August 2017

This information is provided by RNS
The company news service from the London Stock Exchange

END

IR PRMBTMBMMTMR