NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION

FOR IMMEDIATE RELEASE

11 November 2015

Tullett Prebon plc

Tullett Prebon to acquire ICAP's global hybrid voice broking and information business

Tullett Prebon plc ("Tullett Prebon") announces that it has agreed terms with ICAP plc ("ICAP") for the acquisition by Tullett Prebon of ICAP's global hybrid voice broking and information business, including ICAP's associated technology and broking platforms (including iSwap and Fusion) and certain of ICAP's joint ventures and associates ("IGBB") (the "Transaction").

In consideration for acquiring all of IGBB, Tullett Prebon will issue new shares to ICAP shareholders and to ICAP. The new Tullett Prebon shares issued will represent 56 per cent of the share capital of Tullett Prebon as enlarged by the Transaction (the "Enlarged Group") as at completion of the Transaction ("Completion"). The majority of the new Tullett Prebon shares will be issued to ICAP shareholders, such that on Completion, the issued share capital of the Enlarged Group will be owned 44 per cent by existing Tullett Prebon shareholders, 36.1 per cent by existing ICAP shareholders and 19.9 per cent by ICAP. Tullett Prebon expects to issue approximately 309.9 million new Tullett Prebon shares to ICAP shareholders and to ICAP. Further details on the structuring of the Transaction and conditions associated with the acquisition of all of IGBB by Tullett Prebon are set out in Sections 12 and 14.

The Transaction provides a unique opportunity to:

- **Combine the complementary strengths of two leading global hybrid voice broking franchises to create the largest player in the industry.** On an illustrative combined basis, the Enlarged Group:
    - Generated historical revenue in excess of £1.5 billion (£811[1] million from Tullett Prebon and £773[2] million from IGBB);
    - Generated adjusted underlying operating profit of £232 million (£121[3] million from Tullett Prebon and £111[4] million from IGBB) and
    - Will employ approximately 5,500 total staff;

- **Achieve significant cost synergies of at least £60 million, driving EPS accretion.** The estimated £60 million of cost synergies is comprised only of savings arising from the elimination of duplicated management and support costs. In addition to the management and support cost synergies, Tullett Prebon expects to derive, over time, additional efficiencies from the combination of the two businesses, which are expected to at least offset any revenue attrition. While the Transaction is expected to dilute Tullett Prebon's earnings per share in the first year, the delivery of cost synergies and additional efficiencies in the second year is expected to at least offset that dilution, and the Transaction is expected to result in EPS accretion for Tullett Prebon on a fully-phased basis;

- **Accelerate the delivery of Tullett Prebon's strategy, launched in June 2015, which is designed to deliver revenue and earnings growth over the medium term.**

---

[1] Twelve months to 30 June 2015 derived from Tullett Prebon's published results for the year ended 31 December 2014 and for the six month periods ended 30 June 2015 and 30 June 2014, adjusted for the full year impact of PVM, MOAB and Murphy & Durieu.

[2] Twelve months to 30 September 2015.

[3] Twelve months to 30 June 2015 derived from Tullett Prebon's published results for the year ended 31 December 2014 and for the six month periods ended 30 June 2015 and 30 June 2014, adjusted for the full year impact of PVM, MOAB and Murphy & Durieu.

[4] Trading operating profit for twelve months to 30 September 2015, adjusted to exclude indirect costs which will no longer be charged to IGBB following Completion.

At Completion, IGBB will be acquired with gross debt of £330 million and with sufficient regulatory capital, cash and working capital to meet applicable regulatory requirements and ordinary course operational requirements. IGBB's cash balance at Completion is expected to be equivalent to its gross debt.

Tullett Prebon intends to maintain its annual dividend of 16.85 pence per share during the integration period, with an ambition to grow the dividend over time.

For the period following Completion, Tullett Prebon intends to continue to employ the existing portfolio of brands in use by both organisations, including ICAP, Tullett Prebon, PVM and MOAB and expects both businesses' desks will continue to operate in parallel.

Completion is conditional on, inter alia, the approval of shareholders of both Tullett Prebon and ICAP, clearance from certain antitrust authorities and the consent of various regulatory bodies. The Board of Tullett Prebon currently expects Completion to take place in 2016.

Commenting on today's announcement, John Phizackerley, CEO of Tullett Prebon, said:
"Inter-dealer brokers continue to play a vital role at the heart of the global wholesale OTC markets. This important acquisition will deliver to Tullett Prebon shareholders significant cost synergies and gives the combined business greater client and product coverage and a stronger global footprint. It brings important benefits for clients, shareholders and staff and creates a strengthened platform to deliver our objectives of becoming the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking."

Commenting on today's announcement, Rupert Robson, Chairman of Tullett Prebon, said:
"These two organisations have world-class brands and similar values. The rationale for the acquisition is compelling: it fast-tracks our growth strategy and offers a powerful value proposition to our clients. We shall benefit from greater scale, resources for technological development and new product development and we believe that the acquisition can deliver attractive financial returns for shareholders."

Enquiries

Tullett Prebon

Stephen Breslin (Group Head of Communications)	+44 (0)20 7200 7750
Paul Mainwaring (Finance Director)	+44 (0)20 7200 7995

Rothschild (Financial Adviser and Sponsor to Tullett Prebon) +44 (0)20 7280 5000
Robert Leitão
Stephen Fox
Daniel Werchola
Toby Ross

HSBC (Joint Corporate Broker to Tullett Prebon) +44 (0)20 7991 8888
Nick Donald
Peter Glover

Numis (Joint Corporate Broker to Tullett Prebon) +44 (0)20 7260 1000
Michael Meade
Charles Farquhar

Brunswick +44 (0)20 7404 5959
Kim Fletcher tullettprebon@brunswickgroup.com
Mike Smith
Craig Breheny

Analyst presentation

Tullett Prebon will be hosting an analyst presentation in the Smeaton Vaults at The Brewery, 52 Chiswell Street, EC1Y 4SD at 8:45am today. A webcast of the presentation, with slides, will be available at www.tullettprebon.com.

Tullett Prebon to acquire ICAP’s global hybrid voice broking and information business

1. Introduction

Tullett Prebon announces that it has agreed terms with ICAP for the acquisition by Tullett Prebon of ICAP’s global hybrid voice broking and information business, including ICAP’s associated technology and broking platforms (including iSwap and Fusion) and certain of ICAP’s joint ventures and associates.

The Transaction will combine the complementary strengths of two leading global hybrid voice broking franchises to create the largest player in the industry. The Transaction will establish a stronger platform to deliver Tullett Prebon's objectives of becoming the world's best operator in global hybrid voice broking and most trusted source of liquidity in the OTC markets.

The Transaction constitutes a reverse takeover in respect of Tullett Prebon for the purposes of the Listing Rules and accordingly, an application will be made for all the ordinary shares of the Enlarged Group to be re-admitted to listing on the premium listing segment of the Official List of the UK Listing Authority (“UKLA”) and to trading on the main market for listed securities of the London Stock Exchange upon Completion.

2. Transaction structure and pro forma ownership

The Transaction will be structured as an acquisition by Tullett Prebon of ICAP Global Broking Holdings Limited (“IGBHL”), the holding company which, following an intra-group reorganisation of ICAP, will own the business of IGBB at Completion.

ICAP will incorporate a new group holding company (“ICAP NewCo”) which will hold 100 per cent of the issued share capital of ICAP following a reorganisation of the share capital of ICAP to be effected by way of a scheme of arrangement. Existing ICAP shareholders will become shareholders in ICAP NewCo prior to Completion.

Tullett Prebon intends to acquire all of IGBB in return for the issue of new shares in Tullett Prebon to ICAP NewCo and to ICAP's shareholders representing in aggregate 56 per cent of the Enlarged Group issued share capital as at Completion. Subject to the satisfaction of certain conditions and the exercise of an option arrangement (further details of which are set out in Section 12 below), on Completion, 36.1 per cent of the Enlarged Group share capital would be issued to ICAP shareholders and 19.9 per cent to ICAP NewCo. Existing Tullett Prebon shareholders would continue to own 44 per cent of the Enlarged Group issued share capital. Tullett Prebon expects to issue approximately 309.9 million new Tullett Prebon shares to ICAP shareholders and to ICAP.

3. Background to, and reasons for, the Transaction

The acquisition of IGBB will position the Enlarged Group as the leading inter-institutional liquidity provider in OTC products and as a nexus of product knowledge, broking experience and client relationships. The Enlarged Group will play a pivotal role in the facilitation of OTC trading as a partner of choice to institutions, corporates and governments, supported by a best-in-class risk management and compliance infrastructure.

The OTC markets are facing significant change from increased regulatory and disclosure requirements, a reduction in capital that the investment banks devote to certain activities, and rising concerns about low liquidity following record levels of issuance of corporate and government bonds. Notwithstanding the current challenging market conditions, Tullett Prebon’s recent strategic review concluded that the central role played by inter-dealer brokers in providing liquidity in many asset classes across the OTC spectrum remains secure and that there are opportunities to provide that valuable service to a wider range of participants.

The Transaction provides a unique opportunity to:

- Combine the complementary strengths of two leading global hybrid voice broking franchises to create the largest player in the industry. On an illustrative combined basis, the Enlarged Group:
  - Generated historical revenue in excess of £1.5 billion (£811 million from Tullett Prebon and £773 million from IGBB),
  - Generated adjusted underlying operating profit of £232 million (£121 million from Tullett Prebon and £111 million from IGBB) and
  - Will employ approximately 5,500 total staff;

- Achieve significant cost synergies of at least £60 million, driving EPS accretion for Tullett Prebon. The estimated £60 million of cost synergies is comprised only of savings arising from the elimination of duplicated management and support costs. In addition to the management and support cost synergies, Tullett Prebon expects to derive, over time, additional efficiencies from the combination of the two businesses, which are expected to at least offset any revenue attrition. While the Transaction is expected to dilute Tullett Prebon's earnings per share in the first year, the delivery of cost synergies and additional efficiencies in the second year is expected to at least offset that dilution, and the Transaction is expected to result in EPS accretion for Tullett Prebon on a fully-phased basis;

- Accelerate the delivery of Tullett Prebon's strategy, launched in June 2015, which is designed to deliver revenue and earnings growth over the medium term. In particular, the Transaction will enable Tullett Prebon to develop further and faster the following specific strategic initiatives:

  - Fill in "white spaces" in Tullett Prebon's brokerage coverage map, strengthening the US franchise, and giving Tullett Prebon a wider network of offices in the Asia Pacific region;
  - Enable Tullett Prebon to extend its broking offering to a broader array of clients in those products where the market is receptive, and provide platforms with intuitive user interfaces and abundant functionality in response to changing client needs;
  - Build Tullett Prebon's energy and commodities business. On an illustrative combined basis, the Enlarged Group generated historical revenue from energy and commodities of approximately £320 million (£202[5] million from Tullett Prebon and £118[6] million from IGBB);
  - Develop Tullett Prebon's information business through enriching the range and quality of its suite of products, and expanding its delivery channels. Tullett Prebon has the ambition to grow its information business to global significance starting from illustrative combined revenue of approximately £84[7] million;
  - Increase the resources available to invest in technological solutions, realigning the mix between owned and outsourced platforms to maximise Tullett Prebon's intellectual property and speed the delivery of a modular, streamlined approach to platform development;
  - Augment Tullett Prebon's attractiveness as a nurturer of nascent and early-stage businesses which are seeking a supportive stage and established franchise from which to mature;
  - Establish the Enlarged Group as the best employer globally for talented brokers, with a culture and reputation underpinned by trust and integrity, reinforced through compensation structures that align staff with Tullett Prebon's values and the expectations of various stakeholders.

[5] Twelve months to 30 June 2015 derived from Tullett Prebon's published results for the year ended 31 December 2014 and for the six month periods ended 30 June 2015 and 30 June 2014, adjusted for the full year impact of PVM and MOAB.
[6] Twelve months to 30 September 2015.
[7] Twelve months to 30 June 2015 for Tullett Prebon and twelve months to 30 September 2015 for IGBB.

4. Debt and capital

Under the terms of the SPA, IGBB will be acquired with gross debt of £330 million outstanding which will be repaid to the ICAP NewCo group on Completion. IGBB will also be acquired with sufficient regulatory capital, cash and working capital to meet all applicable regulatory requirements and ordinary course operational requirements. IGBB's cash balance at Completion is expected to be equivalent to its gross debt.

Tullett Prebon has discussed the terms of a new Investment Firm Consolidation Waiver with the Financial Conduct Authority ("FCA") who have advised Tullett Prebon that they would be minded to grant the permissions requested subject to any material changes and to Completion. The proposed new waiver is expected to take effect on Completion with a duration of 10 years. Consistent with the previous waivers, under the terms of the new waiver each investment firm within the Enlarged Group must be either a limited activity or a limited licence firm and must comply with its individual regulatory capital resources requirements. The Enlarged Group, as the parent company, must continue to maintain capital resources in excess of the sum of the solo notional capital resources requirements for each relevant firm within the Enlarged Group. The terms of the new waiver require the Enlarged Group to eliminate the excess of its consolidated own funds requirements compared with its consolidated own funds ("Excess Goodwill") over the ten year period following Completion. The amount of Excess Goodwill must not exceed the amount determined as at the date the waiver took effect and must be reduced in line with a schedule over the ten years, with the first reduction of 25 per cent required to be achieved after two and a half years following Completion. The waiver sets out conditions with respect to the maintenance of financial ratios relating to leverage, debt service and debt maturity profile.

5. Dividends

Tullett Prebon intends to maintain its annual dividend of 16.85 pence per share during the integration period, with an ambition to grow the dividend over time.

6. Board

On Completion, it is intended that Ken Pigaga, currently Group Chief Operating Officer of ICAP, will resign his current position and be appointed to the Board of the Enlarged Group as a Director (subject to FCA approval) and Chief Operating Officer. In addition, ICAP NewCo will appoint a Non-executive Director to the Board of the Enlarged Group. Michael Spencer will have the honorary title of President of the Enlarged Group. He will be available to advise the Board of the Enlarged Group but will not be a member of the Board.

7. Employees

The Transaction brings together some of the most experienced management and employees in the industry. Tullett Prebon attaches great importance to the skills and expertise of management and employees and believes that they will be an important factor for the success of the Enlarged Group. The Board of Tullett Prebon believes that the Transaction will create an enlarged platform from which to attract and retain the best talent in the industry.

The Enlarged Group will seek to continue to build a culture and reputation underpinned by the highest standard of ethics and professionalism, built on trust and integrity, reinforced through rewards and incentives that align all staff with the clearly established conduct and values of Tullett Prebon, and commensurate with the expectations of clients and the wider public. Tullett Prebon confirms that the employment rights of all employees will be fully safeguarded.

8. Integration

A Project Management Office (the "PMO") will be established to manage the integration, to deliver the management and support cost synergies (as outlined above) and to drive further efficiencies from the combination of the two businesses. The PMO will be staffed with executives drawn from both organisations.

For the period following Completion, Tullett Prebon intends to continue to employ the existing portfolio of brands in use by both organisations, including ICAP, Tullett Prebon, PVM and MOAB and expects both businesses' desks will continue to operate in parallel.

9. Information about IGBB

Operating across 35 locations in 22 countries, IGBB provides hybrid voice inter-dealer broking services and complementary information services products across a wide range of asset classes including rates, emerging markets, commodities, equities, FX and money markets and credit.

IGBB includes the following constituent parts of ICAP:

- ICAP's three regionally managed hybrid voice broking businesses in EMEA, the Americas and Asia Pacific ("APAC"), including all e-trading products and services developed by ICAP's e-Commerce team (including Fusion[8]) (together "Global Broking");
- ICAP's 40.23 per cent economic interest in iSwap, a global electronic trading platform for EUR, USD and GBP interest rate swaps;
- Revenues and operating profits from sales of information services products directly attributable to Global Broking and iSwap ("Information Services"); and
- Certain of ICAP's joint ventures, associates and investments, including but not limited to SIF ICAP, SA de CV (Mexico), Totan ICAP Co Limited (Japan), Central Totan Securities Co Limited (Japan) and Corretaje e Informacion Monetaria y de Divisas, SA (Spain).

IGBB offers its customers a choice of trading venues and services, allowing them to select the execution method (matched principal, agency/name give-up or execution on-exchange) appropriate for the liquidity of the product and their specific needs. Market participants use IGBB's hybrid voice broking services to assess trading availability and successfully execute trades. Customers range from investment banks for fixed income products to end-user corporates and industrials for commodities.

IGBB's 1,472 voice brokers (as at 30 June 2015) draw on their deep customer relationships, market expertise and IGBB's suite of pre-trade price discovery screens to identify potential trading interest, and in doing so create transparency, liquidity and facilitate the price discovery process. This is particularly important in markets where there is a wide range of potential transaction types and the number of parties willing to enter into certain transactions at any moment may be limited.

IGBB is separately managed from ICAP's other businesses by a dedicated management team and is supported by 1,269 support staff.

iSwap is a global electronic trading platform for EUR, USD and GBP interest rate swaps. Since its creation in 2010, iSwap has continued to build on its market position and has brought increased transparency, greater efficiency and lower transaction costs to the world's largest OTC derivative market. iSwap operates as a regulated multilateral trading facility in Europe and within the IGBB Swap Execution Facility in the US.

Information Services delivers independent data solutions to financial market participants, generating subscription-based fees from a suite of products and services directly attributable to Global Broking and iSwap. Information Services charges licence fees based on financial instruments linked to proprietary indices as well as licensing other index administrators for the use of IGBB data in their indices.

[8] Fusion is an e-Commerce portal for trading venues, which acts as a front-end service to distribute an increasing number of broker-assisted matching sessions in products with more episodic liquidity.

10. Financial information relating to IGBB

IGBB's revenue, trading operating profit and share of post-tax profit of JVs and associates, for the three financial years ended 31 March 2015 and the two six month periods ended 30 September 2014 and 30 September 2015, is set out in the table below. The financial information has been prepared on the basis outlined in the appendix to this announcement. IGBB has not in the past constituted a separate legal group and has not previously prepared or reported any combined or consolidated financial information. The results of IGBB presented might have been different had the entities operated as a separate group from 1 April 2012.

		Year ended		*6 months ended*	
	31 March 2013 £m	*31 March 2014 £m*	*31 March 2015 £m*	*30 September 2014 £m*	*30 September 2015 £m*
Revenue					
Global Broking and iSwap:					
EMEA	452	411	374	193	164
Americas	394	362	297	145	128
APAC	110	102	96	44	50
Information Services	36	38	41	20	24
Total	**992**	**913**	**808**	**402**	**366**
Trading operating profit	**128**	**115**	**84**	**24**	**37**
Share of profit of associates and JVs after tax	**6**	**6**	**8**	**4**	**3**

The revenue and trading operating profit of IGBB for the 12 months to 30 September 2015, adjusted for the indirect costs which will no longer be charged to IGBB following Completion (as set out in the Basis of Preparation outlined in the appendix to this announcement) is £773 million and £111 million respectively.

11. Management and support cost synergies

The Transaction is expected to generate significant cost synergies of at least £60 million, driven by the elimination of duplicated management and support costs.

Of the £60 million cost synergies, approximately 40 per cent are expected to be delivered from Tullett Prebon and IGBB consolidating onto common technology platforms. The remaining synergies are expected to be achieved from deduplication across functions including regional management, operations, finance, facilities and legal / compliance / risk / internal audit.

The management and support cost synergies represent approximately 18 per cent of the combined management and support cost base which has been assessed for potential de-duplication and are expected to be largely realised by the second full year following Completion and fully realised by the third full year following Completion.

Cash integration spend to achieve the management and support cost synergies is expected to be approximately £60m and will be incurred in the first two years following Completion.

In addition to the management and support cost synergies, Tullett Prebon expects to derive, over time, additional efficiencies from the combination of the two businesses.

12. SPA

Tullett Prebon and ICAP have entered into the SPA which sets out the terms of the Transaction, including:

- The Transaction will be structured as an acquisition by Tullett Prebon of ICAP Global Broking Holdings Limited, the holding company which, following an intra-group reorganisation of ICAP, will own the business of IGBB at Completion;

- ICAP will incorporate ICAP NewCo, which will hold 100 per cent of the issued share capital of ICAP (following a reorganisation of the share capital of ICAP to be effected by way of scheme of arrangement), and existing ICAP shareholders will become shareholders in ICAP NewCo prior to Completion;

- The Transaction is being structured as an agreement under which, subject to the satisfaction of certain conditions, (a) Tullett Prebon will acquire 64.5 per cent of the issued share capital of IGBHL in consideration for new Tullett Prebon ordinary shares to be issued directly to ICAP NewCo shareholders and (b) Tullett Prebon and ICAP will each have the option that, if exercised, will lead to Tullett Prebon acquiring the remaining 35.5 per cent of the issued share capital of IGBHL in consideration for further new Tullett Prebon ordinary shares being issued to ICAP NewCo. Although it is not certain that the option to acquire the remaining 35.5 per cent of the issued share capital of IGBHL will be exercised, it is expected to be exercised. Following Completion and assuming the option is exercised, the enlarged issued share capital of the Enlarged Group will be owned 44 per cent by existing Tullett Prebon shareholders, 36.1 per cent by existing ICAP shareholders and 19.9 per cent by ICAP NewCo;

- Mutual termination rights on certain events prior to Completion, including management retention, broker retention and revenue reduction;

- A three-year non-compete undertaking from ICAP NewCo in relation to voice broking services;

- Customary warranties given by ICAP to Tullett Prebon (and subject to customary limitations), covenants, undertakings and conditions for a transaction of this nature;

- Tullett Prebon will be indemnified by ICAP for certain liabilities, principally relating to regulatory investigations or litigation including those already in the public domain.

13. Transitional services

On or before Completion, IGBB and ICAP will enter into transitional services agreements (the "TSAs") pursuant to which ICAP and IGBB will each provide the other with the use of or access to certain resources that will be retained by ICAP, or transferred to IGBB pursuant to the SPA.

The key terms and conditions of the TSAs include:

- Each TSA will remain in effect until migration, subject to certain long-stop dates on the individual services;

- The parties will agree migration plans and perform certain activities to migrate each business away from its dependency on the transitional services;

- The charges for the TSA services are fixed and based on the intra-group allocations of costs and re-charging model in place during the 12 months prior to Completion, subject to changes in scope of services;

- ICAP will be responsible for seeking any third party consents necessary to enable provision of TSA services to IGBB, and by IGBB to ICAP.

14. Approvals, consents and timing

Completion is conditional on, inter alia, (i) the approval of existing Tullett Prebon shareholders, (ii) the approval of existing ICAP shareholders, (iii) clearance from the Competition and Markets Authority ("CMA"), the United States Antitrust agencies and certain other antitrust authorities; (iv) approval by various regulatory bodies including the FCA; (v) the UKLA having confirmed that the application for the re-admission of all the existing Tullett Prebon shares and the admission for the new Tullett Prebon shares issued as consideration for the Transaction, in each case to the premium listing segment of the Official List of the UKLA, has been approved and will become effective as soon as the UKLA's decision to re-admit the existing Tullett Prebon shares and admit the new Tullett Prebon shares is announced; and (vi) the London Stock Exchange having confirmed that all of the existing Tullett Prebon shares will be re-admitted and the new Tullett Prebon shares will be admitted, in each case to trading on the main market for listed securities of the London Stock Exchange.

A shareholder circular and prospectus (as described in further detail in section 16 below) will be despatched to Tullett Prebon's existing shareholders in due course. The shareholder vote is currently expected to take place in Q1 2016, with Completion occurring during 2016.

15. Relationship agreement

On Completion, a relationship agreement will be entered into to govern the relationship between the Enlarged Group and ICAP NewCo as a shareholder of the Enlarged Group (the "Relationship Agreement"). Pursuant to the Relationship Agreement, ICAP NewCo will have the right to nominate one Non-executive Director for appointment to the Board of the Enlarged Group for so long as ICAP NewCo's shareholding (together with its associates) in the Enlarged Group remains above 10 per cent. The appointment of ICAP NewCo's nominee director will be subject to applicable regulatory approvals and ratification by the Nominations Committee of the Board of the Enlarged Group. The Relationship Agreement also includes customary terms relating to, among other things, the conduct of transactions and the relationship between the parties, provision of information and conflicts.

16. Tullett Prebon shareholder circular and prospectus

On Completion, Tullett Prebon will issue more than 100 per cent of its existing share capital. The Transaction therefore constitutes a reverse takeover of Tullett Prebon under the Listing Rules, thus requiring approval by Tullett Prebon's shareholders at a general meeting. Tullett Prebon will be required to publish a prospectus in connection with the Transaction in order to admit the shares issued as consideration to ICAP NewCo and ICAP shareholders to the premium listing segment of the Official List and to re-admit the existing ordinary shares held by existing Tullett Prebon shareholders. Tullett Prebon will also be required to publish a shareholder circular containing further details on the Transaction, the recommendation of the directors of Tullett Prebon in respect of the Transaction and the notice of the general meeting. The prospectus and circular will be combined in a single document (the "Tullett Prebon Prospectus and Circular") that will be sent to Tullett Prebon shareholders in due course.

Re-applications will be made to the UKLA for the ordinary shares of Tullett Prebon to be admitted to the premium listing segment of the Official List of the UKLA and to trading on the main market for listed securities of the London Stock Exchange plc (together "Admission"). Completion shall occur automatically, upon the reduction of capital of ICAP NewCo being implemented successfully. The eligibility of the Enlarged Group to be admitted to the Official List has not yet been agreed with the UKLA; an application will be made in due course. Further details on settlement, listing and dealing will be included in the Tullett Prebon Prospectus and Circular to be sent to Tullett Prebon shareholders in due course.

17. Recommendation of the Board of Tullett Prebon

The Board of Tullett Prebon has received financial advice from Rothschild in connection with the Transaction. In providing advice to the directors, Rothschild has relied upon the Board's commercial assessment of the Transaction. The Board of Tullett Prebon considers the Transaction to be in the best interests of the shareholders of Tullett Prebon as a whole. Accordingly, the Directors intend to recommend that the shareholders of Tullett Prebon vote in favour of the Transaction.

Important notice

N M Rothschild & Sons Limited ("Rothschild"), which is authorised by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as sponsor and financial adviser to Tullett Prebon in connection with the Transaction. Rothschild is acting exclusively for Tullett Prebon and no-one else in connection with the Transaction and save for any responsibilities and liabilities, if any, which may be imposed on Rothschild, in its capacity as sponsor by the Financial Services and Markets Act 2000, as amended, Rothschild will not be responsible to anyone other than Tullett Prebon for providing the protections afforded to clients of Rothschild or for providing advice in relation to the Transaction or the contents of this announcement or any transaction, arrangement or matter referred to herein.

HSBC Bank plc ("HSBC"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, is acting as Joint Corporate Broker to Tullett Prebon in connection with the Transaction. HSBC is acting exclusively for Tullett Prebon and no-one else in connection with the Transaction. HSBC will not be responsible to anyone other than Tullett Prebon for providing the protections afforded to clients of HSBC or for providing advice in relation to the Transaction or the contents of this announcement or any transaction, arrangement or matter referred to herein. The information provided in this announcement is entirely based on information provided by Tullett Prebon and has not been independently verified by HSBC. Accordingly, HSBC does not accept any responsibility or liability whatsoever, and makes no representations or warranty, express or implied, for the contents of this announcement. HSBC disclaims, to the fullest extent permitted by law all and any responsibility and liability howsoever arising which it might otherwise have in respect of this announcement.

Numis Securities Limited ("Numis"), which is authorised and regulated by the Financial Conduct Authority, is acting as Joint Corporate Broker to Tullett Prebon in connection with the Transaction. Numis is acting exclusively for Tullett Prebon and no-one else in connection with the Transaction. Numis will not be responsible to anyone other than Tullett Prebon for providing the protections afforded to clients of Numis or for providing advice in relation to the Transaction or the contents of this announcement or any transaction, arrangement or matter referred to herein. The information provided in this announcement is entirely based on information provided by Tullett Prebon and has not been independently verified by Numis. Accordingly, Numis does not accept any responsibility or liability whatsoever, and makes no representation or warranty, express or implied, for the contents of this announcement. Numis disclaims, to the fullest extent permitted by law all and any responsibility and liability howsoever arising which it might otherwise have in respect of this announcement.

This announcement has been issued by and is the sole responsibility of Tullett Prebon.

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities pursuant to this announcement or otherwise. The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

This announcement does not constitute an offer of securities for sale in the United States or an offer to acquire or exchange securities in the United States. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, and no offer of securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the United States of America or any other country in which such offer may not be made other than (i) in accordance with the requirements under the US Securities Exchange Act of 1934, as amended, a registration statement under the US Securities Act of 1933, as amended, or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption therefrom. No securities are intended to be registered under the US Securities Act of 1933, as amended.

This announcement has been prepared for the purposes of complying with the applicable law and regulation of the United Kingdom (including the Listing Rules and the Disclosure and Transparency Rules) and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts and involve predictions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Tullett Prebon's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Tullett Prebon's or IGBB's results of operations, financial position, liquidity, prospects, growth or strategies and the industry in which Tullett Prebon and IGBB operate. Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance. Save as required by law or regulation, Tullett Prebon disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.

Nothing in this announcement is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per Tullett Prebon share for the current or future financial years, or those of the Enlarged Group, will necessarily match or exceed the historical published earnings per Tullett Prebon share.

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.

Except as explicitly stated, neither the content of Tullett Prebon's nor ICAP's website, nor any website accessible by hyperlinks on Tullett Prebon's or ICAP's website is incorporated in, or forms part of, this announcement.

This announcement is an advertisement and not a prospectus and has been prepared solely for the purpose of the Transaction.

APPENDIX 1

Further information relating to IGBB

IGBB – asset class information

Set out below is a description of IGBB's business by asset class.

Rates
Rates comprises interest rate derivatives, government bonds, repos and financial futures broking and is the largest asset class by revenue for IGBB. The main revenue contributors are voice/voice-electronic hybrid broking of OTC interest rate derivatives and government bonds in London, Jersey City and, to a smaller extent, Australia. Rates includes iSwap.

Emerging Markets
IGBB is active in emerging markets across APAC, Latin America, Central and Eastern Europe and Africa. Emerging Markets revenue includes domestic broking in local markets and cross-border broking activity in globally traded emerging markets money and interest rate products. Emerging Markets revenues are generated largely from interest rates and foreign exchange in a combination of offshore centres and onshore centres. The largest offshore centres are London and Jersey City with the largest onshore presence in Brazil.

Commodities
IGBB is involved in the broking of transactions in various commodities, in particular energy (including power and electricity, oils, natural gas, coal and alternative fuels), shipping, metals and other bulk commodities. It is largely comprised of broking oils, natural gas and power in the United States and Europe. The United States business is spread across numerous locations with Jersey City and Kentucky being the largest offices. The European business is largely based in London and has smaller offices across Continental Europe including Norway, Spain and Holland.

Equities
Equities revenues are largely generated from equity derivatives broking in IGBB's Jersey City and London offices.

FX and Money Markets
FX and Money Markets revenues are generated largely from FX forwards with smaller businesses in spot FX and cash deposits. These revenues are primarily generated in Jersey City and London.

Credit
Credit revenues are generated virtually all from corporate bonds with a small presence in credit derivatives, largely from IGBB's Jersey City and London offices.

A breakdown of IGBB's revenue for the three financial years ended 31 March 2015 and at the six month period ending 30 September 2015, by asset class, is set out in the table below.

	Year ended			*6 months ended*	
	31 March 2013 £m	*31 March 2014 £m*	*31 March 2015 £m*	*30 September 2014 £m*	*30 September 2015 £m*
Rates	390	360	315	157	145
Emerging Markets	150	150	132	70	56
Commodities	162	139	121	60	57
Equities	106	113	103	51	57
FX and Money Markets	91	78	74	36	33
Credit	93	73	63	28	18
Total	**992**	**913**	**808**	**402**	**366**

Trend information

IGBB's revenue from continuing businesses for October, on a constant currency basis, was 15 per cent down on the prior year. A decrease in Global Broking revenue was partially offset by an increase in revenue from Information Services.

IGBB's October trading performance was impacted by subdued market conditions as a result of a combination of structural and cyclical factors. These included historically low interest rates, flat yield curves and bank deleveraging. In addition, episodic volatility in the prior year driven by the after effects of both the ECB announcement in September 2014 and the flash crash in US Treasuries in October 2014 increased the variance in performance.

Historical financial information relating to IGBB

Set out below is unaudited historical financial information relating to IGBB for the years ended 31 March 2013, 31 March 2014 and 31 March 2015 and six month periods ended 30 September 2014 and 30 September 2015.

IGBB has not in the past constituted a separate legal group and has not previously prepared or reported any combined or consolidated financial information.

The basis of preparation of the historical financial information relating to IGBB is set out in Appendix 2.

In accordance with the Listing Rules and the Prospectus Rules of the UK Listing Authority, the Tullett Prebon Prospectus and Circular will include audited financial statements of IGBB prepared in accordance with such rules. It is possible that the financial information contained in any such prospectus may differ from the combined accounts of IGBB set out below.

IGBB combined income statement

Six months ended 30 September 2015

	Trading £m	Acquisitions and disposal costs £m	Exceptional items £m	Total £m
Revenue	366	--	--	366
Operating expenses	(330)	--	--	(330)
Other income	1	--	--	1
Operating profit	37	--	--	37
Finance income	1	--	--	1
Finance expense	(1)	--	--	(1)
Share of profit of associates and JVs after tax	3	--	--	3
Profit before tax	40	--	--	40
Tax	(8)	--	--	(8)
Profit for the period	32	--	--	32
Attributable to:				
Owners of the group	34	--	--	34
Non-controlling interests	(2)	--	--	(2)
	32	--	--	32

Six months ended 30 September 2014

	Trading £m	Acquisitions and disposal costs £m	Exceptional items £m	Total £m
Revenue	402	--	--	402
Operating expenses	(379)	(1)	(20)	(400)
Other income	1	--	--	1
Operating profit	24	(1)	(20)	3
Finance income	2	1	--	3
Finance expense	(1)	--	--	(1)
Share of profit of associates and JVs after tax	4	--	--	4
Profit before tax	29	--	(20)	9
Tax	(7)	--	7	--
Profit for the period	22	--	(13)	9
Attributable to:				
Owners of the group	24	--	(13)	11
Non-controlling interests	(2)	--	--	(2)
	22	--	(13)	9

Year ended 31 March 2015

	Trading £m	Acquisitions and disposal costs £m	Exceptional items £m	Total £m
Revenue	808	--	--	808
Operating expenses	(727)	(1)	(73)	(801)
Other income	3	--	--	3
Operating profit	84	(1)	(73)	10
Finance income	2	1	--	3
Finance expense	(1)	--	--	(1)
Share of profit of associates and JVs after tax	8	--	--	8
Profit before tax	93	--	(73)	20
Tax	(15)	(3)	19	1
Profit for the year	78	(3)	(54)	21
Attributable to:				
Owners of the group	79	(3)	(54)	22
Non-controlling interests	(1)	--	--	(1)
	78	(3)	(54)	21

Year ended 31 March 2014

	Trading £m	Acquisitions and disposal costs £m	Exceptional items £m	Total £m
Revenue	913	--	--	913
Operating expenses	(803)	(14)	(76)	(893)
Other income	5	--	--	5
Operating profit	115	(14)	(76)	25
Finance income	10	--	--	10
Finance expense	--	(1)	--	(1)
Share of profit of associates and JVs after tax	6	--	--	6
Profit before tax	131	(15)	(76)	40
Tax	(30)	22	12	4
Profit for the year	101	7	(64)	44
Attributable to:				
Owners of the group	103	7	(64)	46
Non-controlling interests	(2)	--	--	(2)
	101	7	(64)	44

Year ended 31 March 2013

	Trading £m	Acquisitions and disposal costs £m	Exceptional items £m	Total £m
Revenue	992	--	--	992
Operating expenses	(872)	(88)	(36)	(996)
Other income	8	--	--	8
Operating profit	128	(88)	(36)	4
Finance income	6	--	--	6
Finance expense	(1)	--	--	(1)
Share of profit of associates and JVs after tax	6	--	--	6
Profit before tax	139	(88)	(36)	15
Tax	(32)	19	7	(6)
Profit for the year	107	(69)	(29)	9
Attributable to:				
Owners of the group	106	(69)	(29)	8
Non-controlling interests	1	--	--	1
	107	(69)	(29)	9

IGBB combined statement of comprehensive income

	Year ended			6 months ended	
	31 March 2013 £m	31 March 2014 £m	31 March 2015 £m	30 Sep. 2014 £m	30 Sep. 2015 £m
Profit for the period	9	44	21	9	32
Other comprehensive profit/(loss)					
Items that will be reclassified subsequently to profit or loss when specific conditions are met:					
- Exchange differences	13	(66)	25	(5)	(4)
Other comprehensive profit/(loss) for the period, net of tax	13	(66)	25	(5)	(4)
Total comprehensive profit/(loss) for the period	22	(22)	46	4	28
Total comprehensive profit/(loss) attributable to:					
Owners of the group	21	(19)	45	4	30
Non-controlling interests	1	(3)	1	--	(2)
	22	(22)	46	4	28

IGBB combined balance sheet

	As at 31 March 2013 £m	As at 31 March 2014 £m	As at 31 March 2015 £m	As at 30 September 2015 £m
Assets				
Non-current assets				
Intangible assets arising on consolidation	96	80	82	82
Intangible assets from development expenditure	32	48	44	46
Property and equipment	35	30	26	24
Investment in joint ventures	8	5	7	7
Investment in associates	32	36	36	37
Available-for-sale investments	22	12	9	11
Deferred tax asset	21	15	12	10
Trade and other receivables	4	1	2	1
Retirement benefit assets	1	--	--	--
	251	227	218	218
Current assets				
Trade and other receivables	16,793	22,757	24,236	17,468
Receivable from affiliates	98	112	122	78
Available-for-sale investments	--	--	--	1
Restricted funds	33	35	35	27
Cash and cash equivalents	439	368	350	359
	17,363	23,272	24,743	17,933
Total assets	17,614	23,499	24,961	18,151
Liabilities				
Current liabilities				
Trade and other payables	(16,751)	(22,725)	(24,194)	(17,428)
Payable to affiliates	(104)	(92)	(75)	(38)
Bank overdraft	(1)	(1)	(33)	(7)
Tax payable	(46)	(21)	(30)	(23)
Provisions	--	(8)	(14)	(16)
	(16,902)	(22,847)	(24,346)	(17,512)
Non-current liabilities				
Trade and other payables	(7)	(6)	(6)	(5)
Deferred tax liabilities	(12)	(7)	(11)	(12)
Retirement benefit obligations	(3)	(2)	(4)	(3)
Provisions	(12)	(10)	(20)	(18)
	(34)	(25)	(41)	(38)
Total liabilities	(16,936)	(22,872)	(24,387)	(17,550)
Net assets	678	627	574	601
Invested capital				
Invested capital attributable to:				
Owners of the group	640	602	548	579
Non-controlling interests	38	25	26	22
Total invested capital	678	627	574	601

IGBB combined statement of changes in invested capital

Six months ended 30 September 2015	Owners £m	Non-controlling interests £m	Total £m
Balance as at 1 April 2015	548	26	574
Profit/(loss) for the period	34	(2)	32
Other comprehensive profit for the period, net of tax	(4)	--	(4)
Total comprehensive profit for the period	30	(2)	28
Net distributions in the period	1	--	1
Other movements in non-controlling interests	--	(2)	(2)
Balance as at 30 September 2015	579	22	601

Year ended 31 March 2015	Owners £m	Non-controlling interests £m	Total £m
Balance as at 1 April 2014	602	25	627
Profit/(loss) for the year	22	(1)	21
Other comprehensive profit for the year, net of tax	23	2	25
Total comprehensive profit for the year	45	1	46
Net cash distributions in the year	(99)	--	(99)
Balance as at 31 March 2015	548	26	574

Year ended 31 March 2014	Owners £m	Non-controlling interests £m	Total £m
Balance as at 1 April 2013	640	38	678
Profit/(loss) for the year	46	(2)	44
Other comprehensive loss for the year, net of tax	(65)	(1)	(66)
Total comprehensive loss for the year	(19)	(3)	(22)
Net cash distributions in the year	(19)	--	(19)
Dividend to non-controlling interests*	--	(10)	(10)
Balance as at 31 March 2014	602	25	627

* Dividend payments to non-controlling interest of an IGBB subsidiary.

Year ended 31 March 2013	Owners £m	Non-controlling interests £m	Total £m
Balance as at 1 April 2012	723	42	765
Profit for the year	8	1	9
Other comprehensive profit for the year, net of tax	13	--	13
Total comprehensive profit for the year	21	1	22
Net cash distributions in year	(104)	--	(104)
Other movements in non-controlling interests	--	(5)	(5)
Balance as at 31 March 2013	640	38	678

IGBB combined statement of cash flows

	Year ended			6 months ended	
	31 March 2013 £m	31 March 2014 £m	31 March 2015 £m	30 Sep. 2014 £m	30 Sep. 2015 £m
Cash flows from operating activities	122	(8)	24	(52)	58
Cash flows from investing activities					
Dividends received from associates	1	4	4	4	3
Dividends received from joint ventures	--	5	1	1	--
Other equity dividends received	2	2	--	--	--
Payments to acquire property and equipment	(1)	(7)	(3)	(4)	(2)
Intangible development expenditure	(31)	(28)	(16)	(18)	(9)
Proceeds from disposal of subsidiary	--	--	1	--	--
Proceeds from disposal of available-for-sale investments	3	--	--	--	--
Acquisition of available-for-sale investments	--	--	--	--	(3)
Acquisition of associates and joint ventures	(2)	--	(1)	--	--
Net cash flows from investing activities	(28)	(24)	(14)	(17)	(11)
Cash flows from financing activities					
Dividends paid to non-controlling interest*	--	(10)	--	--	--
Net cash distributions from/(to) affiliates	(103)	(22)	(131)	(12)	1
Net cash flows from financing activities	(103)	(32)	(131)	(12)	1
Net (decrease)/increase in cash and cash equivalents	(9)	(64)	(121)	(81)	48
Cash and cash equivalents at beginning of the period**	410	438	367	367	317
FX adjustments	37	(7)	71	21	(13)
Cash and cash equivalents at end of the period**	438	367	317	307	352

*Dividend payments to non-controlling interest of an IGBB subsidiary.

**Net of bank overdraft.

Appendix 2 - Basis of preparation

Preparation of Combined Financial Information

The combined financial information of IGBB (the “Combined Financial Information”) has been prepared on a basis that combines the results and assets and liabilities of IGBB by applying the principles underlying the consolidation procedures of IFRS 10 (revised) “Consolidated Financial Statements”. The Combined Financial Information has been prepared from the ICAP consolidation schedules which include the individual financial returns of IGBB companies and the ICAP consolidation and other adjustments attributable to IGBB entities and businesses.

This basis of preparation describes how the Combined Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union and as issued by the International Accounting Standards Board. References to IFRSs hereafter should be construed as references to IFRSs as adopted by the EU. IFRS does not provide for the preparation of combined financial information or for specific accounting treatment set out below, and accordingly, in preparing the Combined Financial Information, certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 “Standards for Investment Reporting applicable to public reporting engagements on historical financial information” issued by the UK Auditing Practices Board have been applied.

The accounting policies that were in force as at 1 April 2014 and were adopted by ICAP for the financial year ending 31 March 2015 were applied in the preparation of the Combined Financial Information for all periods. Measurement and presentation of IGBB’s financial statements for the years ending 31 March 2013 and 31 March 2014 were restated based on new IFRSs and/or changes in IFRSs that were adopted by ICAP for the first time from 1 April 2014.

The preparation of Combined Financial Information requires ICAP management to apply judgements and the use of estimates and assumptions about future conditions. ICAP management considers impairment review of goodwill and other intangible assets arising on consolidation to be the area requiring exercise of increased judgement. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts which differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The following summarises the key accounting and other principles applied in preparing the Combined Financial Information:

- IGBB has not in the past constituted a separate legal group and therefore it is not meaningful to show share capital or an analysis of reserves for IGBB. The net assets of IGBB are represented by invested capital, the cumulative investment of ICAP and its subsidiaries (that are not part of IGBB together with associates and joint ventures "ICAP Affiliates" or "Affiliates"). Any funding to, investments in and dividends received from/paid to ICAP affiliates are shown as movements in invested capital.
- The trading results of IGBB are stated after the allocation of ICAP head office and corporate costs comprising those directly attributable to IGBB and of indirect costs consistent with the historical allocations to ICAP's operating segments. Certain indirect costs (which for the year ended 31 March 2015 amounted to £14m), are not to be charged to IGBB by ICAP following Completion. The results of IGBB presented might have been different had the entities operated as a separate group from 1 April 2012. The results are not necessarily indicative of future periods since the relationship of costs in respect of IGBB functions and services provided by ICAP affiliates and related parties may be different.
- The tax charges in the Combined Financial Information have been determined based on the analysis of ICAP's tax charge and assessment of how much is attributable to IGBB, taking into account legal entity charges and applicable group level adjustments. The tax charges recorded in the combined income statement may have been affected by the taxation arrangements within ICAP, and are not necessarily representative of the tax charges that could apply in the future.
- Current tax receivable/payable and deferred tax assets and liabilities were determined based on the analysis of ICAP's current tax position and temporary differences at each period end and assessment of how these relate directly or indirectly to IGBB.
- Tax payments made in the year as presented in the combined statement of cash flows have been determined based on the aggregated payments made by IGBB entities including service companies. IGBB cash outflows relating to tax are not necessarily representative of tax payments that would be made by IGBB in the future.
- Transactions and balances between entities included within IGBB have been eliminated.
- Trading balances between IGBB entities and other ICAP companies have been presented in the combined balance sheet as current receivables and current payables.
- Assets including intangible assets arising from development expenditures and property and equipment in the combined balance sheet have been determined based on the assets recorded in IGBB companies, excluding assets recorded in IGBB service companies that are attributable to other businesses of ICAP outside IGBB but including shared assets of £30m as at 30 September 2015. This approach follows how management views assets employed by each ICAP operating segment. The same approach has been adopted to determine the amortisation and depreciation expenses relating to these assets in the combined income statement. The shared assets, which as at 30 September 2015 were £30m, are not to be acquired by Tullett Prebon under the terms of the SPA.
- The Combined Financial Information does not include borrowings and the finance costs associated with those borrowings. Funding is made available to IGBB as part of central treasury arrangements within ICAP. Therefore the finance costs and liabilities in the IGBB's combined income statement and combined balance sheet are not necessarily representative of finance costs and liabilities that may arise if IGBB was seen in isolation.

Presentation of the combined income statement

IGBB has presented its combined income statement in a columnar format, which enables IGBB to improve the understanding of its results by presenting its trading profit, which is reconciled to profit before tax on the face of the combined income statement.

The column 'acquisitions and disposal 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 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 deferred contingent consideration which has been classified as a liability; 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.

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

Foreign currencies

In individual entities, transactions denominated in foreign currencies are recorded at the prior month closing exchange rate between the functional currency and the foreign currency. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Exchange differences are recognised in the combined income statement, except for exchange differences arising on non-monetary assets and liabilities where these form part of the net investment of an overseas business or are designated as hedges of a net investment or cash flow and, therefore, the changes in value resulting from exchange differences are recognised directly in other comprehensive income.

On combination, the results of businesses with non-pound sterling functional currencies are translated into the presentational currency of IGBB at the average exchange rates for the year where these approximate to the rate at the date of the transactions. Assets and liabilities of overseas businesses are translated into the presentational currency of IGBB at the exchange rate prevailing at the end of the reporting period. Exchange differences arising are recognised within other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a non-pound sterling entity are treated as assets and liabilities of that entity and translated into the presentational currency of IGBB at the period closing rate.
Where applicable, IGBB has elected to treat goodwill and fair value adjustments arising before the date of transition to IFRS as denominated in the presentational currency of IGBB.

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

Risk management

IGBB as part of its day-to-day operations faces certain risks including liquidity risk, credit risk, financial and market risks including interest rate risk and currency translation risks. These risks are maintained and managed centrally as part of IGBB's risk management framework.