Financial and Interim Management Report

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TP ICAP PLC
Financial and Interim Management Report - for the six months ended 30 June 2019

TP ICAP plc (the "Company") today announces its results for the six months ended 30 June 2019.

Financial highlights

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

- Revenue of £922m (H1 2018: £910m)
- Operating profit £158m (H1 2018: £155m)
- Operating margin 17.1% (H1 2018: 17.0%)
- Profit before tax £134m (H1 2018: £139m)
- Basic EPS 19.3p (H1 2018: 19.2p)

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

- Operating profit £107m (H1 2018: £50m)
- Operating margin 11.6% (H1 2018: 5.5%)
- Profit before tax £83m (H1 2018: £34m)
- Basic EPS 11.8p (H1 2018: 2.3p)

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. H1 2019 figures include the impact of IFRS16, which are outlined in Note 2(d).

The average number of shares used for the basic EPS calculation for the period is 560m.

Operational performance

- A resilient performance reflecting the benefit of a diversified business portfolio and cost discipline
- Global Broking revenue fell 6% at constant exchange rates, against a backdrop of double digit revenue declines by our largest customers
- Energy & Commodities revenue increased by 8% at constant exchange rates benefitting from acquisitions and team hires in 2018 and more favourable market conditions in power and gas
- Strong revenue growth of 28% in Institutional Services which has benefitted from structural market changes and new hires
- Data & Analytics revenue continues to grow at 12% reflecting new product launches, new clients and expanding existing client relationships
- Integration programme on track for targeted annualised synergy savings of £75m by the end of 2019

Strategic highlights

- Further electronification of services to enhance our broking capabilities and meet clients' evolving needs
- Aggregation of liquidity across brands and products to give clients clearer access to best pricing and simpler workflows
- Diversification of our customer base, range of services and geographic profile
- Enhancing the links between our business divisions to maximise the Company's potential

Dividend

A 5.6p per share interim dividend (2018: 5.6p) will be paid on 8 November 2019 to shareholders on the register at close of business on 4 October 2019.

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Nicolas Breteau, CEO of TP ICAP plc, said:

"We have delivered a resilient performance and maintained our operating margins despite a decline in trading amongst the investment banks, and additional costs driven by increasing regulation and Brexit. At the same time we have stepped up investment in a range of new initiatives to improve client service and to promote greater hybrid and electronic trading.

As we enter the final six months of the integration program, we will achieve the £75m of synergy savings and deliver the benefits derived from offering access to the deepest OTC liquidity pools for wholesale trading alongside high levels of client service.

During my first year as CEO, I have focused the business in those areas where we provide the greatest value to our clients and have the greatest competitive advantage. We have also made considerable organisational changes, made good progress on integration, are implementing an improved risk management framework and simplifying our legal entity structure.

We have made considerable progress on our strategic planning for growth from 2020 onwards in. Our budgeting and plans for this are underway and we will update the market in the New Year."

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.

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

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CEO review

My focus during the first six months of this year has been on building the platform from which we can deliver good returns for our shareholders. We have made good progress: we are nearing the end of the integration of Tullett Prebon and ICAP which will be completed by the year end and achieve our targeted synergies of £75m; we are deep into the process of implementing a new risk management framework; we are fully prepared for Brexit; and we have continued to strengthen management capability within the Company.

At the same time, we have made considerable progress on our strategic planning for long-term growth from 2020 onwards. Our budgeting and plans for this are underway and we will update the market on the content of these in 2020.

Financial performance

The Company delivered a resilient performance in the first half of 2019. Market conditions have been challenging for our Global Broking division, particularly given the decline in trading amongst our investment banking customers, but our strategic emphasis on diversification has resulted in strong growth in our other business divisions.

Revenue fell by 2% on a constant exchange rate basis to £922m and is up 1% on a reported basis. We achieved an underlying operating profit of £158m, an increase of 2% on the £155m reported for H1 2018. Our underlying operating profit margin of 17.1% was slightly higher than the 17.0% margin reported at H1 2018 and we reported an underlying profit before tax of £134m, down 4% from £139m. Statutory operating profit was £107m, up 114% on the prior year, with an operating profit margin of 11.6% (2018: 5.5%) and statutory profit before tax of £83m was £49m higher than reported in 2018.

Basic underlying earnings per share ("EPS") were 19.3 pence (basic statutory EPS 11.8p) and we are paying a dividend of 5.6 pence per share for the half year, in line with our previously stated guidance.

Regional performance

Revenue for the EMEA region was £458m, down 3% on the prior year comparative at constant exchange rates. Global Broking revenue in the region was down 7%, reflecting a decrease in revenue across all asset classes. The Americas reported revenue of £340m, in line with the prior year at constant exchange rates, with strong growth in Energy & Commodities and Institutional Services. In Asia Pacific, a 2% decline to £124m at constant exchange rates, reflected the difficult conditions in Global Broking, partially offset by strong growth in Energy & Commodities.

Our business divisions

We have continued to invest in our business through 2019. Last year we indicated that we had earmarked an additional £15m of investment to increase the hybrid and electronic business we conduct as well as to invest into our fast growing Data & Analytics (D&A) division. This extra investment is being used to: improve pre-trade client connectivity to our electronic platforms; develop our Nova matching engine to allow electronification of the credit and oil businesses; launch a non-deliverable forward (NDF) platform for Foreign Exchange (FX) in Asia; develop an electronic whiteboard and artificial intelligence (AI) programme in our Energy & Commodities business and invest in D&A to launch new products.

Diversification has also been a key priority for the business. This will continue as we look to serve the buy-side in all-to-all markets, maximise the value of our data and analytics and grow other non-broking revenue such as risk management and post-trade services.

We have placed a greater focus on collaboration between the four business divisions to capitalise on the clear connections between them and the divisions will increasingly look for opportunities to cross-sell.

Global Broking

Global Broking is our largest division covering Rates, Credit, Equities, Foreign Exchange & Money Markets, where we have market leading positions. We bring together buyers and sellers providing a range of professional intermediary services that enable them to execute trades successfully. We operate through Tullett Prebon and ICAP brands separately. We also offer clients a range of ways to interact with us - through voice, hybrid or electronically - depending on the nature of the market, product and transaction. One of our fundamental strengths is the long-established relationships we have with investment banks.

The conditions for the first six months of the year were challenging for our Global Broking business. Uncertainty created by Brexit, the softening of the US Federal Reserve's stance on interest rates and the potential for further quantitative easing in the Eurozone, have all impacted market volatility and volumes. The continuing low interest rate environment has also depressed activity in rates products, our largest asset class in Global Broking. Against this backdrop, we delivered a resilient performance, with revenues down 6% at £648m (H1 2018: £689m at constant exchange rates), as the major investment banks, our largest clients, reported a more significant drop in their trading performance for the first six months of the year.

To mitigate the tougher trading conditions, we are taking a number of actions to reduce both front and back office costs and will continue to maintain a focus on expenses without affecting our service to clients.

Despite the difficult market conditions there have also been areas of good performance and we continue to make progress in developing our hybrid and pure electronic business. Our key priorities remain aggregating liquidity from our competing brands; improving connectivity with our clients and delivering improved workflows for all products. For example:

- In Rates, we successfully launched a hub for both brands in Singapore, Japan and Australia. The hub also provides an enhanced electronic workflow, making trade capture and Straight Through Processing (STP) seamless.
- In Foreign Exchange, the recent launch of our Asian NDF platform provides global liquidity to clients from both our brands. Our foreign exchange options request for quote platform now has a majority of the large FX dealers electronically connected to provide auto pricing.
- In Credit, we have successfully run pure electronic matching sessions and launched two new platforms in the US during the first half. One was a portfolio optimisation bond platform called Scrapbook and the other was Crosstrade, which enables asset management firms to transition bonds between funds.
- Our post-trade services group is also performing well. In Matchbook, which helps clients mitigate their counterparty credit risk, we are seeing strong profit growth. Matchbook is being rolled out beyond its existing Rates and FX customer base to our Energy & Commodities division and we are increasing our collaboration with ClearCompress - a fintech company that provides a market leading compression service in cleared and uncleared interest rate swaps.

We will maintain this commitment to increase the electronification and innovation of our business to meet the changing demands of our clients.

Energy & Commodities

Energy & Commodities is our second largest division and operates through the Tullett Prebon, ICAP and PVM brands in all the key commodities markets including oil, gas, power, renewables, ferrous metals, base metals, precious metals, soft commodities and coal. Clients include regional banks, corporates, hedge funds and trading companies.

Revenues were up 8% at £187m for the half year on a constant exchange rate basis, as the business benefited from improved conditions in the power and gas markets, strategic hires and the acquisition of Axiom in November 2018. Oil revenues were slightly up despite challenging market conditions, with market uncertainty and localised over-supply creating downward pressure on oil volumes in the period. The diversity of products in the sector provides us with the potential to continue to expand our offering and revenue sources. In H1 2019 we added weather derivative and petrochemical broking and extended the activities of PVM from oil into gas and power in the US.

The energy and commodities broking industry is highly fragmented, particularly in the US. Following our global diversification strategy, we continued our approach of making bolt-on acquisitions with the purchase of Axiom and the hiring a new ICAP oil desk in H1 2019. These have been successfully integrated into our existing infrastructure. We have a core competency of successfully adding acquisitions and the incremental revenues to our existing business and believe there are further opportunities to do this.

We have continued to invest in new electronic solutions. For example, we have invested in an electronic whiteboard for our oil business, which is currently in live testing. The whiteboard enables the efficient capture of multiple data points from every client interaction. When fully deployed it will enable better sharing of liquidity across the desks, automatic calculation of spreads, and STP of executed trades. It will also feed through to the AI application which is currently being tested with a small number of users across the division. This AI application will equip our brokers with client-specific tailored analysis, with personalised feeds of news, pricing, historical patterns of activity and correlations, providing a better service to clients.

Today we announced a joint venture in China with Enmore Investment Group, called Enmore Commodity Brokers (Shanghai) Co. Ltd ("JV"). The JV will initially offer brokerage services in iron ore, coal, LPG and naphtha before expanding to other products over time. It will offer liquidity from three of our brands - Tullett Prebon, ICAP and PVM - to clients and vice versa. As part of the agreement, TP ICAP Data & Analytics has the exclusive right to distribute data from the JV internationally.

Institutional Services

Institutional Services provides trade ideas and agency execution to buy side clients including hedge funds, asset managers, and non-bank liquidity providers. The role of an agency brokerage is to offer the buy side access to the best price in the market from a wide range of different banks, whilst guaranteeing client anonymity and neutrality.

In our Institutional Services division, we achieved revenues of £23m in H1 2019, an increase of 28% over H1 2018 on a constant exchange rate basis. This growth has been achieved by initially focusing on products where we believe we can achieve early success - foreign exchange, listed derivatives, relative value execution and cleared interest rate swaps. There is strong momentum now in our offering, driven by a change in market dynamics as investment banks reorganise their sales coverage and reserve high touch services for their largest clients.

In addition, we also shifted our client focus from smaller players to top tier hedge funds. This change has created an opportunity for agency services that have expert people, a strong product offering and a global distribution network.

Through our core offering we are well positioned for growth and we are now expanding it by product and geography, in response to client demand. In September 2019 our new Foreign Exchange agency desk in Singapore will go live and we are also developing new offerings in credit and equity derivatives. We are actively recruiting to implement this strategy and this will be a main focus for the division in 2020.

Data & Analytics

Our Data & Analytics business provides unbiased data products that facilitate trading, enhance transparency, reduce risk and improve operational efficiency. It is the leading provider of OTC pricing data and has access to more OTC data than any other company globally. We have pricing, reference data and analytical tools for major asset classes and markets. We pride ourselves on our rigorous quality assurance processes, which ensure the integrity and robustness of our products.

In our Data & Analytics division we grew revenues by 12% in H1 2019 to £64m on a constant exchange rate basis. The strong top line momentum we saw at the end of last year continued into 2019 as we launched new products, attracted new clients as well as expanded our relationships with existing clients, as we are seeing additional demand for data as new regulatory requirements are brought into effect.

New client wins included hedge funds, sovereign wealth funds, market data and independent software vendors. Geographically they are spread across Europe, the Americas and Asia.

Our focus on product development is paying off as we launched 10 new products in the first half, compared to three in the comparative period in 2018. Data & Analytics continues to exhibit a strong growth trajectory coupled with attractive margins and recurring revenues underpinned by customer loyalty. While we have seen good organic growth within the D&A business, we see selective opportunities to accelerate that development.

The senior management team

In March, we highlighted the changes made to the senior management team. Now this team is in place, we are strengthening the next layer of management and ensuring the structure and reporting lines of the Company are efficient and drive accountability. We have appointed a new Chief Information Officer and we plan to appoint a new Group Head of Compliance later in 2019.

With regard to reporting lines the business was run along geographical lines until the end of H1 2019 and each of the regional heads ran a P&L. We have subsequently moved responsibility for revenue generation to the four global business divisions who are more closely aligned with their clients and needs. We have appointed new Regional CEOs who will have oversight of culture, risk, governance and the regional support functions to ensure that the support and control infrastructure in each region has the capability to support revenue generation and enhance the success of our business. Consequently, the new structure strengthens our governance significantly, resulting in a more streamlined senior management team with clearer responsibilities and accountability.

We now have a clear management structure for the Company, with four global business divisions operating alongside Corporate Services across three regions.

The integration

Twelve months ago, we reset the synergy target from the integration of Tullett Prebon and ICAP to £75m in order to strike a better balance between cost synergies and providing clients with high quality service, both now and in the long term. We have achieved a synergy run rate of £74m and will achieve the full £75m by the end of 2019.

Completing the integration has been a key priority for TP ICAP. We appointed Martin Ryan as Group Chief Operating Officer in December 2018 with the initial priority to oversee the process. Integration is now firmly on track with all major work scheduled to be completed this year.

While integrating the IT systems is a detailed and complex process, consolidating the two businesses onto one single platform will provide an infrastructure that is agile, scalable, efficient and will enable innovation. It will streamline post-trade processing which in turn will create efficiencies and reduce operational risk.

We are decommissioning 32 of our 78 core IT applications. By its nature, this work is back end loaded and therefore decommissioning will only take place in the last stages of integration. Additionally, we are consolidating our data centres. At the start of integration, we had 15 data centres and we plan to reduce that number to six, two in each region, with more workload moved onto cloud based infrastructure. Four data centres have been closed.

We continue to rationalise our real estate footprint. Since March, we have consolidated our offices in Hong Kong, Jakarta and Amsterdam. London-based Global Broking and support functions staff will move into a single location next year. The move of support functions to the new shared service centre in Belfast continues, and we expect to have around 300 employees there by early 2020.

We have previously stated our intention to reduce the number of legal entities within the Group. On completion of the ICAP transaction we had well over 200 separate legal entities, and we expect to reduce this number by about a half. The reduction in legal entities will simplify governance, accounting and audit processes as well as reduce future governance costs significantly. It will also streamline liquidity management making the flow of funds within the group easier and more efficient.

While there is still work to be done, we will complete the integration programme by the end of this year although activities to deliver further cost benefits and capital efficiencies from the ICAP acquisition will continue into 2020.

New risk framework
We are in the process of implementing our global risk management framework which has been designed to take into account the increased scale and diversity of our business and to respond to increasing regulatory requirements. This involves developing our risk-based management information and reporting processes to provide better linkage between the day-to-day management of risks in the business and the Company's risk appetite, governance and oversight.

We are making good progress and expect to complete the implementation at the end of the year. As part of this process, we have defined the minimum risk management requirements necessary which will be subject to formal attestation across the Company.

This framework is essential for us to discharge our responsibilities when the Senior Managers' and Certification Regime comes into force in 2019. A robust risk framework is also a competitive differentiator with clients and a factor in the assessment of regulatory capital.

Brexit
For some months we have been preparing for all Brexit eventualities, including the UK leaving the EU without a deal. As stated in March, 90% of our broking revenues are largely unaffected, however it still remains a significant regulatory and operational challenge for the Company.

There are two main business streams we need to consider when we leave the EU. The first is the business we carry out in the EU for EU clients, for which we need a legal entity and venues. We have set up and capitalised a new company in Paris called TP ICAP Europe and moved our French and German trading branches to sit under this company. We are in the process of moving our Spanish branch. This means that the business we currently transact from these offices is protected in the event of a Hard Brexit.

In March we stated that we had set up three new EU venues - one multilateral trading facility (MTF) and two organised trading facilities (OTF) - so that our EU activity can be conducted on MiFID II compliant venues. These venues are now authorised and conducting business.

The second stream of business is the work we do for EU based clients through our broking desks in the UK. We are planning to protect this business by putting more front office staff in our EU offices and changing some of our workflows. We have also made plans to relocate iSwap, our electronic rates MTF, to Amsterdam.

The ultimate distribution of our staff between the UK and EU will depend on our clients' requirements and locations but, for the foreseeable future, we expect the UK to remain a major centre for financial, energy and commodities markets. While we await clarity as to the eventual outcome of Brexit, we regularly liaise with our clients to understand their plans to ensure we can continue to service them as effectively as possible.

Near term outlook
Three of our four business divisions continue to show positive trends, but the political and economic environment within which we operate continues to present us with both opportunities and challenges. However, I remain confident that with the renewed strategy we are developing, and our ongoing cost discipline, we are in a good position to navigate these challenges successfully and make the most of the opportunities we have to create value.

Concluding comments
I am pleased with the progress we have made in the first six months of 2019. While there is still more to do to complete the transformation of TP ICAP, I am heartened by what we have achieved and am confident we are on track.

We are deep into the process of designing a detailed strategy to ensure that we can deliver sustainable, profitable growth and I am excited about our future opportunities. Our employees are our most valuable asset and I would like to thank every one of them for their enormous contribution. With the capabilities of our skilled and dedicated employees, and supportive clients, I am confident that we will succeed.

Nicolas Breteau
Chief Executive Officer
6 August 2019

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TP ICAP PLC
Financial review

Statutory Income Statement
H1 2019

Income statement £m	**Underlying**	**Acquisition, disposal and integration costs**	**Exceptional items**	**Statutory**
Revenue	922	-	-	922
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Underlying operating profit	**158**	**-**	**-**	**158**
ICAP integration costs	**-**	**(20)**	**-**	**(20)**
Amortisation of intangible assets arising on consolidation	**-**	**(21)**	**-**	**(21)**
Net charge relating to legal settlements	**-**	**-**	**(2)**	**(2)**
Charge relating to business reorganisation	**-**	**-**	**(4)**	**(4)**
Other acquisition and disposal items	**-**	**(4)**	**-**	**(4)**
Operating profit	**158**	**(45)**	**(6)**	**107**
Net finance expense	**(24)**	**-**	**-**	**(24)**
Profit before tax	**134**	**(45)**	**(6)**	**83**
Tax	**(33)**	**8**	**1**	**(24)**
Share of net profit of associates and joint ventures	**8**	**-**	**-**	**8**
Non-controlling interests	**(1)**	**-**	**-**	**(1)**
Earnings	**108**	**(37)**	**(5)**	**66**
Average number of shares	**560.0m**			**560.0m**
Basic EPS	**19.3p**			**11.8p**

H1 2018 **Income statement** **£m**	**Underlying**	**Acquisition, disposal and integration costs**	**Exceptional items**	**Statutory**
Revenue	910	-	-	910
Underlying operating profit	155	-	-	155
Net charge relating to legal settlements	-	-	(4)	(4)
ICAP integration costs	-	(24)	-	(24)
Adjustments to deferred consideration	-	1	-	1
Impairment of intangible assets arising on consolidation	-	(58)	-	(58)
Amortisation of intangible assets arising on consolidation	-	(20)	-	(20)
Operating profit	155	(101)	(4)	50
Net finance expense	(16)	-	-	(16)
Profit before tax	139	(101)	(4)	34
Tax	(36)	11	-	(25)
Share of net profit of associates and joint ventures	6	-	-	6
Non-controlling interests	(2)	-	-	(2)
Earnings	107	(90)	(4)	13
Average number of shares	556.3m			556.3m
Basic EPS	19.2p			2.3p

IFRS 16 leases

In line with International Financial Reporting Standards TP ICAP plc and its subsidiaries ("Group") have applied IFRS 16 for the year ending 31 December 2019. The impact of this change is set out in Note 2(d) of the Consolidated Financial Statements.

The impact on the income statement has been a £3m increase in operating profit and a £2m decrease in profit before tax, resulting in a reduction of EPS of 0.2p.

Our key financial and performance indicators for the first half of 2019 are summarised in the table below together with comparatives from the equivalent period in 2018.

	H1 2019	H1 2018	Change
Global Broking revenue	**£648m**	£672m	-4%
Energy & Commodities revenue	**£187m**	£167m	+12%
Institutional Services revenue	**£23m**	£17m	+35%
Data & Analytics revenue	**£64m**	£54m	+19%
Total revenue	**£922m**	£910m	+1%
Underlying operating profit	**£158m**	£155m	+2%
Underlying operating margin	**17.1%**	17.0%	+0.1% pts
Statutory operating profit	**£107m**	£50m	+114%
Statutory operating margin	**11.6%**	5.5%	+6.1% pts
Average broker headcount	**2,706**	2,746	-1%
Average revenue per broker (£'000)	**317**	312	+2%
Average contribution per broker (£'000)*	**118**	118	-0%
Broking contribution**	**£319m**	£325m	-2%
Broking contribution margin	**37.2%**	38.0%	-0.8% pts
Data & Analytics contribution**	**£42m**	£35m	+20%
Data & Analytics gross contribution margin	**65.6%**	64.8%	+0.8% pts
Total contribution	**£361m**	£360m	+0%
Broker headcount - period end	**2,728**	2,734	-0%

Broker support headcount - period end	**1,798**	1,707	+5%
Broker compensation costs: broking revenue	**52.5%**	51.4%	+1.1% pts

* Average contribution per broker represents broking contribution (as defined in the Contribution section) divided by the average broker headcount with the prior year comparative calculated on the same basis
** Broking and Data & Analytics contribution are defined in the Contribution section

Average broker headcount was 1% lower than the prior period, and with average contribution per broker in line with the prior year, the resulting broking contribution was 2% lower.

The period-end broking support headcount of 1,798 was 5% higher than at the end of 2018, primarily reflecting planned investments made in control functions, in particular in risk, compliance, internal audit and technology.

The tables below analyse revenue by business division as well as revenue and underlying operating profit by region for H1 2019 compared with the equivalent period in 2018, at constant exchange rates.

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 2018 translated at the same exchange rates as those used for H1 2019, with growth rates calculated on the same basis. The statutory revenue figures as reported for H1 2018 are shown in Note 5 to the Condensed Consolidated Financial Statements.

Revenue

Total revenue of £922m in H1 2019 was 1% higher than H1 2018 at actual exchange rates and 2% lower at constant exchange rates.

Revenue by business division

£m	**H1 2019**	H1 2018	Change
Rates	**288**	295	-2%
Credit	**50**	58	-14%
FX & Money Markets	**100**	109	-8%
Emerging Markets	**108**	115	-6%
Equities	**102**	112	-9%
Global Broking	**648**	689	-6%
Energy & Commodities	**187**	173	+8%
Institutional Services	**23**	18	+28%
Data & Analytics	**64**	57	+12%
	922	937	-2%
Exchange translation		(27)	
Statutory	**922**	910	+1%

Conditions in financial markets were challenging in H1 2019 for Global Broking with a considerable decrease in volatility and market volumes across asset classes relative to the strong conditions seen in 2018. As a result revenue declined by 6% on a constant exchange rate basis.

Within Global Broking, Rates revenue fell by 2% as expectations of rate increases were pushed back, reducing both spreads and volatility, against a backdrop of slowing economic growth and the impact of the US China trade war. Conditions in credit markets were challenging with a lack of new issuance, as well as restrictions on clients' balance sheets resulting in a 14% reduction in Credit revenue. There has also been a continued move towards electronic trading which has affected volumes. Equities revenue was down 9% against a very strong comparable in 2018 when the business benefitted from some significant volatility in the period. FX & Money Markets and Emerging Markets were down 8% and 6%, respectively.

Energy & Commodities revenue was 8% higher than H1 2018 at constant exchange rates. The division has benefitted from improving market conditions in power and gas after a difficult 2018 for these markets, as well as additional revenue derived from the acquisition of Axiom, and new hires resulting from the continued build out of the ICAP oil business. Underlying oil revenues increased 2% despite tough market conditions resulting from higher oil prices and localised over-supply across many of our regions.

Institutional Services revenue of £23m grew 28% compared to H1 2018 at constant exchange rates. The business continues to perform well in its core product offering in foreign exchange, listed derivatives, relative value execution and cleared interest rate swaps. This is led by client demand resulting from changing market dynamics as investment banks reorganise their sales coverage teams. New hires and continued improvement in client onboarding processes have also improved the performance of the business.

Data & Analytics revenue was 12% higher than H1 2018 at constant exchange rates with the business benefitting from the organic growth strategies implemented towards the end of 2018. There has been strong sales growth with an expanding client base as well as sales of new products and new use cases (risk management, compliance and regulatory reporting) to existing clients. During the period the business launched 10 new products as well as winning a number of new clients across Hedge Funds, Sovereign Wealth Funds, Market Data Vendors and Independent Software Vendors.

Revenue by region

£m	**H1 2019**	H1 2018	Change
EMEA	**458**	470	-3%
Americas	**340**	341	-0%

Asia Pacific	**124**	126	-2%
	922	937	-2%
Exchange translation		(27)	
Statutory	**922**	910	+1%

EMEA
Revenue for the region was £458m and a decrease of 3% relative to H1 2018 at constant exchange rates. Global Broking revenue decreased overall by 7% with a decrease in revenue across all asset classes. Various factors have contributed to this, including Brexit, US trade tariffs, the softening of the Federal Reserve's interest rate stance and the potential for increased quantitative easing in the Eurozone.

Energy & Commodities revenue grew 2%, reflecting the benefit of emissions volatility driving volumes in a number of products in region. In particular there were improved conditions in UK and European power as well as gas markets. Revenues from oil products overall were flat year on year as more difficult trading conditions and lower volumes were offset by the new ICAP oil team hires.

Institutional Services has seen a 30% increase in revenue in the period led by increasing client demand and the impact of new hires.

Americas
Americas revenue of £340m was in line with the prior year at constant exchange rates, with strong growth in Energy & Commodities and Institutional Services offset by a 6% revenue decline in the Global Broking business.

Within Global Broking market conditions were challenging with lower volatility and market volumes in H1 compared with a very strong prior year period.

Rates revenue was down 1% as interest rate swaps markets struggled with lower levels of liquidity and a flattening yield curve.

Equities revenue was down 4% from H1 2018 as growth in new product segments was offset due to reduced volatility in 2019. Equities continues to be an area of investment and new product expansion for the region. U.S. Credit markets remained subdued, and revenue in the Credit business was down 12% on H1 2018.

Revenue in the FX & Money Markets and Emerging Markets businesses saw decreases year on year of 12% and 10%, respectively. This was the result of lower levels of volatility, de-risking by some of our primary clients in Forward FX and increased competition in Emerging Markets.

The Energy & Commodities division improved in H1 2019 with revenue up 19% compared with the prior year. Increased revenue in oil products and ethanol bolstered by the acquisition of Axiom Commodities in November 2018 added to the stronger performance of the existing business. Energy continues to be a targeted growth area for the region across the Tullett Prebon, ICAP and PVM brands.

Institutional Services also performed well in H1 2019 with revenues up 25% compared with H1 2018 as the business continues to expand its product offering. Institutional Services is still a relatively new business for TP ICAP Americas and remains an area for growth opportunities.

Asia Pacific
Revenue in Asia Pacific declined 2% in H1 2019 compared with the prior year at constant exchange rates, reflecting difficult conditions in the Global Broking business, partially offset by strong growth in Energy & Commodities.

Global Broking revenue in the region was down 5% year on year. Revenue in the Tullett Prebon brand was down 6% mainly due to the loss of the Hong Kong credit and bond desk at the end of 2018. In the ICAP brand, the decision to close loss-making offices in Korea at the beginning of 2019, and Indonesia at the end of 2018 drove a revenue decline of 8%. Within specific countries the Global Broking business performed well, such as in Australia and the Philippines where markets were more active, but there was a decline in Japan as there were few central bank or other economic factors to stimulate the market.

The Energy & Commodities business developed well in both scale and diversification and revenue grew 13%. The business saw continuing growth in the electricity business in Australia as well as good growth in the precious metals business. There was a strong recovery in the ICAP iron ore business in Singapore, where there was also improvement in business levels in the long-established fuel oil and crude desks and newer businesses including gasoline.

<u>Underlying administrative expenses</u>
Total underlying administrative expenses of £771m in H1 2019 were 2% higher than H1 2018 as reported and 1% lower at constant exchange rates.

Underlying administrative expenses

	H1 2019	H1 2018	Change	Change
	£m	£m	£m	%
Broker compensation	**451**	454	(3)	-1%
Other front office costs	**88**	93	(5)	-5%
Total front office costs	**539**	547	(8)	-1%
Other staff costs	**117**	123	(6)	-5%
Technology and related costs	**27**	28	(1)	-4%
Premises and related costs	**26**	27	(1)	-4%
Depreciation and amortisation	**17**	16	1	+6%
Other administrative costs	**48**	39	9	+23%
IFRS 16 adoption	**(3)**	-	(3)	n/m
Total management and support costs	**232**	233	(1)	0%

Total costs	**771**	780	(9)	-1%
Exchange translation		(22)	22	
Underlying expenses	**771**	758	13	+2%

The table above sets out administrative expenses on the basis on which management chooses to view this area, divided principally between front office costs and management and support costs. Front office costs tend to have a large variable component to them and are directly linked to the output of our brokers. The largest element of this is broker compensation as well as other front office costs, which include travel and entertainment, telecommunications and information services, clearing and settlement fees as well as other direct costs. The remaining cost base represents the management and support costs of the Group and includes the costs associated with the Data & Analytics business.

The presentation above is different from Note 5 of the accounts as we have split out front office and management and support costs and we have shown this on a constant exchange rate basis.

Overall, the underlying cost base has seen a 1% decrease at constant exchange rates to £771m in H1 2019 compared with H1 2018. This has been substantially driven by continuing reductions in the front office and further support costs savings which have been offset by the additional costs we are incurring in respect of previously guided investments and increased legal and regulatory costs. Broker compensation costs decreased by £3m during the period reflecting the 2% decrease in broking revenue at constant exchange rates and an increase in the broker compensation ratio from 51.4% to 52.5%.

There has been a £5m decrease in other front office costs which reflects reduced telecommunications costs arising from the renegotiation of unit pricing during the integration period and reductions in other third party costs.

The £6m reduction in other staff costs continues to be driven by the impact of synergy savings and other staff cost reductions.

Technology and related costs include the costs of all external technology services, including maintenance contracts, consultancy, non-front office market data services and communications costs. During the period these costs decreased 4% against H1 2018 with continued cost reductions being offset by the new initiatives to which we have previously guided.

Premises costs decreased by 4% in H1 2019 compared with the prior period reflecting the net lower cost of occupied premises in the period following the consolidation of our offices in New York, Singapore and Hong Kong.

The increase in other administrative costs of £9m mainly reflects the anticipated cost increases to which we have previously guided. These include costs associated with Brexit, risk and cyber security as well as legal and regulatory requirements and legal costs incurred in respect of a regulatory investigation in the US.

The IFRS 16 adjustment in H1 2019 is a credit of £3m.

Synergy savings and administrative expenses

As at the end of June 2019 the cumulative annualised synergy savings achieved from the integration programme were £74m, an increase of £3m on the annualised £71m of synergy savings reported at the end of 2018. Of the £3m additional run rate synergies, £2m were recognised in the period.

Synergy savings reflect the reduction of underlying staff and other costs as a result of implementing the integration programme.

The table below shows the movement in administrative expenses between H1 2018 and H1 2019 re- categorised to reflect the impact of the movement in synergy savings against other costs between the two periods.

H1 2018 Reported	FX	H1 2018 Constant	Synergy Savings	Net Cost Reductions	Broker Comp	New Investments	Planned Increases	IFRS 16	H1 2019 Reported
758	22	780	(6)	(8)	(3)	4	7	(3)	771

Overall, total synergy savings recognised in the period amount to £37m. This represents half of the £71m exit run rate synergies reported in 2018, plus £2m of additional synergies recognised in the first half of 2019. The £6m movement in synergy savings between the two periods equals the total £37m synergy savings recognised in H1 2019 less the £31m of synergy savings recognised in H1 2018.

Net cost reductions of £8m include savings in telecommunications costs, IT maintenance costs and non-synergy staff costs reductions.

The £3m reduction broker compensation reflects the decrease in broking revenue offset by the increase in the broker compensation ratio outlined above.

New investments of £4m include expenditure made in Data & Analytics and front office IT platforms. Planned increases of £7m include additional expenditure on Brexit, risk and cyber security and legal and regulatory costs. Both these increases were included in our earlier guidance.

Contribution

Broking contribution represents the revenue of our broking businesses (excluding Data & Analytics) less the total front office costs described above. An improvement in the absolute level of broking contribution is an important metric in driving earnings growth for the Group.

Broking contribution

At constant exchange rates	**H1 2019 £m**	H1 2018 £m	Change £m	Change %

Revenue	**858**	880	(22)	-3%
Total front office costs	**(539)**	(547)	8	+1%
Contribution	**319**	333	(14)	-4%
Contribution margin (%)	37.2%	37.8%	-0.6% pts	

In H1 2019 the overall level of contribution decreased by £14m or 4% to £319m. The overall contribution margin decreased by 0.6 percentage points to 37.2% driven by the impact of a 3% fall in revenue together with an increase in the broker compensation ratio to 52.5%, partially offset by lower other front office costs.

Data & Analytics contribution

At constant exchange rates	**H1 2019**	H1 2018	Change	Change
	£m	£m	£m	%
Revenue	**64**	57	7	+12%
Direct costs	**(22)**	(20)	(2)	-10%
Gross contribution	**42**	37	5	+14%
Gross contribution margin (%)	65.6%	64.9%	+0.7% pts	

Data & Analytics contribution represents the revenue of the Data & Analytics business less the direct costs associated with running the business, but excluding the cost of internally generated data from the broking businesses. An improvement in the absolute level of contribution is an important metric in driving earnings growth for the Group.

In H1 2019 the overall level of contribution increased by £5m or 14% to £42m. The overall gross contribution margin increased by 0.7 percentage points to 65.6% driven by a 12% increase in revenue at constant exchange rates.

Operating profit

The underlying operating profit of £158m is 2% higher than the prior year, with an underlying operating profit margin of 17.1% which is 0.1% up from H1 2018.

Statutory operating profit of £107m was 114% higher than in H1 2018 and the statutory operating profit margin of 11.6% was 6.1 percentage points higher. Statutory operating profit is after exceptional and integration, acquisition and disposal related items and is described further below.

Underlying operating profit by region

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

Underlying operating profit

£m	**H1 2019**	H1 2018	Change
EMEA	**96**	97	-1%
Americas	**49**	45	+9%
Asia Pacific	**13**	13	+0%
Underlying	**158**	155	+2%

Underlying operating profit margin by region

£m	**H1 2019**	H1 2018
EMEA	**21.0%**	20.9%
Americas	**14.4%**	14.0%
Asia Pacific	**10.5%**	10.6%
Underlying	**17.1%**	17.0%

EMEA

Underlying operating profit in EMEA of £96m is 1% lower than H1 2018 (£95m and 2% lower excluding the impact of IFRS 16). With revenue 2% lower than the prior year at reported exchange rates, the underlying operating profit margin has increased by 0.1 percentage points to 21.0% (20.7% excluding the impact of IFRS 16). The slight decrease in the margin (excluding the impact of IFRS 16 on H1 2019) reflects a fall in broking revenue and contribution offset by increased contribution in Data & Analytics and an improvement in the regional management and support cost base.

Americas

The Americas underlying operating profit of £49m was 9% higher than H1 2018 (£47m and 4% higher excluding the impact of IFRS 16). Revenue in the Americas was 6% higher than the prior year at reported exchange rates, and the operating profit margin of 14.4% in H1 2019 was higher than H1 2018, as higher contribution in the region more than offset a higher net support cost base that included some one-off legal costs and the addition of Axiom's legacy infrastructure.

Asia Pacific

Underlying operating profit in Asia Pacific of £13m was in line with H1 2018, (with minimal impact from IFRS 16). The decline in Global Broking revenue in the period was offset by strong growth in Energy & Commodities and this resulted in very little change in the overall business performance in the region year on year. Underlying operating margin reduced slightly by 0.1% to 10.5%.

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 £20m 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. We are forecasting no more than £160m of cumulative integration costs by the end of the integration programme.

The major elements of the integration costs in H1 2019 continue to be staff costs, which include £4m of severance costs, and other costs of £10m of which the majority are consultancy costs relating to the technology strategy, scope for cost reduction, project management support and analysis, software development and quality assurance and support for the project to reduce and rationalise the legal entity structure.

A further £21m has been charged through the income statement reflecting the amortisation of intangible assets other than goodwill arising on acquisitions, reflecting brand value, the value of customer relationships and other intangible assets. This non-cash item 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.

Other acquisition, disposal and integration costs of £4m include a £2m charge for adjustments to acquisition consideration, principally due to an increase in the expected deferred consideration on the COEX acquisition due to its strong performance. There are also £2m of other minor acquisition and disposal items that have been excluded from underlying results.

Exceptional items have been excluded from underlying results as they are non-recurring and do not relate to the underlying performance of the business. The £6m exceptional charge in the period reflects a £2m exceptional legal provision in connection with finalisation of a regulatory investigation in the US and a £4m business reorganisation cost relating to office moves in Hong Kong and Belfast.

Net finance expense

The underlying net finance expense of £24m is £8m higher than the £16m charged in H1 2018. The finance expense of £27m comprises £18m of interest expense on the Group's Sterling Notes (£15m of which relates to the £500m Sterling Notes issued in January 2017), £1m of fees relating to the amortisation of debt issue and bank facility costs, £2m relating to the commitment fee and interest on the drawdown of the revolving credit facility and other loans during the period. It also includes an additional £6m expense relating to the introduction of IFRS 16. The expense is offset by £2m of interest income and £1m of income on finance lease receivables.

Tax

The effective rate of tax on underlying profit before tax is 25% (2018: 26%). The rate is lower than the prior year, reflecting a greater impact from the reduction in the US federal rate of tax, due to a lessening of the impact of measures that broadened the US tax base. The effective rate of tax on reported profit before tax is 29% (2018: 74% due to the non-deductibility of the goodwill write-off), as some exceptional expenses are not tax deductible. The outlook for the underlying effective tax rate in 2020 is for a potential reduction of approximately 1% due to an expected reduction in the UK corporation tax rate.

Basic EPS

The average number of shares used for the basic EPS calculation of 560.0m reflects the 563.3m shares in issue less the 2.6m shares held by the Employee Benefit Trust at the beginning of the year, less the difference between the time apportionment element of the 2.0m shares repurchased in the market in April 2019 to satisfy deferred share awards made to senior management, and 0.1m of deferred shares that met their vesting requirements in May. The Employee Benefit Trust has waived its rights to dividends.

Underlying earnings per share for H1 2019 of 19.3p are 0.1p higher than for 2018.

Statutory earnings per share of 11.8p are 9.5p higher than in 2018 which was adversely impacted by a £58m impairment of goodwill.

Dividend

The Group's dividend policy is to maintain a full year dividend of 16.85p throughout the integration period. A 5.6p per share interim dividend (2018: 5.6p) will be paid on 8 November 2019 to shareholders on the register at close of business on 4 October 2019.

Cash flow

H1 2019 **£m**	**Underlying**	**Acquisition, disposal and integration costs**	**Reported**

		and exceptional items	
Underlying operating profit	**158**	**(51)**	**107**
Share based payment charge and pension scheme administration fees	3	2	5
Depreciation and amortisation	18	1	19
Depreciation on leased assets	11	-	11
Non-cash items	-	2	2
Impairment and amortisation of intangible assets arising on consolidation	-	21	21
EBITDA	**190**	**(25)**	**165**
Change in initial contract prepayments	2	2	4
Working capital	(112)	2	(110)
Cash generated from operations	**80**	**(21)**	**59**
Capital expenditure	(19)		
Underlying operating cash flow	**61**		
Income taxes paid	(39)	5	(34)
Interest paid	(27)	-	(27)
Underlying free cash flow	**(5)**		
Reported net cash flow from operations			**(2)**

H1 2018

£m	**Underlying**	**Acquisition, disposal and integration costs and exceptional items**	**Reported**
Underlying operating profit	**155**	**(105)**	**50**
Share based payment charge and pension scheme administration fees	1	-	1
Depreciation and amortisation	17	-	17
Non-cash items	-	(1)	(1)
Impairment & amortisation of intangibles on consolidation	-	78	78
EBITDA	**173**	**(28)**	**145**
Change in Initial contract prepayments	(16)	-	(16)
Working capital	(104)	4	(100)
Cash generated from operations	**53**	**(24)**	**29**
Capital expenditure	(48)		
Underlying operating cash flow	**5**		
Income taxes paid	(21)	7	(14)
Interest paid	(16)	-	(16)
Underlying free cash flow	**(32)**		
Reported net cash flow from operations			**(1)**

The cash flow presentation above reconciles the underlying cash flow generation, excluding the impact of acquisition, disposal and integration costs and exceptional items, to the reported net cash flow from operations. The impact on EBITDA of acquisition, disposal and integration costs and exceptional items was £25m during the period, principally relating to the costs of the integration.

During the period there was a £2m net inflow for initial contract payments ("ICPs") with the increased amortisation on previously spent ICPs more than offsetting the new ICP cash expenditure in the period. The working capital outflow of £112m includes £48m (2018: £46m) for settlement balances and fails that arise on matched principal business that have not completed settlement until after the June balance sheet date. The net outflow of £64m, after adjusting for settlement balances, reflects an increase in trade receivables, largely from the higher revenue in June 2019 compared with the end of 2018 and a reduction in the 2018 year-end bonus accrual after the payment of discretionary annual bonuses in the first quarter of 2019.

Capital expenditure of £19m in the period is lower than for the prior year which included the impact of office moves in New York, London, Singapore and Belfast. We expect full year capital expenditure of circa £70m in 2019 due to the expenditure in H2 2019 relating to our planned office move in London in 2020, as well as the costs of ongoing investments in the business.

Interest paid has increased from the prior year, reflecting both the impact of the refinancing in the period and the IFRS 16 inclusion of finance lease interest payments. Tax paid in the period is higher than the prior year as the Group no longer benefits from tax losses in the US.

After interest and underlying taxation payments in the period of £66m, the underlying free cash flow for the Group was an outflow of £5m. This £27m improvement on H1 2019 is driven by reduced capital expenditure as well as lower ICPs on broker contracts in the period.

The movement in net funds is summarised below:

£m	**Cash & cash equivalents**	**Financial investments**	**Total funds**	**Debt**	**Net funds/ (debt)**
At 31 December 2018	667	133	800	(642)	158
Reported net cash flow from operations	(2)	-	(2)	1	(1)
Net cash flow from investment activities	(21)	2	(19)	-	(19)
Dividends paid	(63)	-	(63)	-	(63)
Net repayment of the RCF	(52)	-	(52)	52	-
Issue of Sterling Notes	250	-	250	(250)	-
Repayment of Sterling Notes	(149)	-	(149)	149	-
Related party loan	35	-	35	(37)	(2)
Other financing activities	(8)	-	(8)	-	(8)
Finance lease payments	(10)	-	(10)	-	(10)
Debt issue cost	(1)	-	(1)	1	-
Net funds pre-IFRS 16	646	135	781	(726)	55
IFRS 16 lease liabilities				(150)	(150)
At 30 June 2019	**646**	**135**	**781**	**(876)**	**(95)**

Details of the Sterling Note & other debt refinancing in the period can be found in the next section.

The £52m drawn amount of the revolving credit facility at the year end was repaid in the period and as a result there is no balance drawn down at the end of the June. The adoption of IFRS 16 in the period has led to the recognition of lease liabilities of £150m that are now included in the total debt figure at the end of June.

Of the £781m cash and financial investments balance at the period end, £678m is held in 61 regulated entities to meet regulatory capital, margin and other trading requirements as well as accrued profits, and as such is treated as restricted within those Group entities. £82m is held in non-regulated entities for working capital requirements, in addition to accrued profits and £21m is held in corporate holding companies.

The impact of IFRS 16 has been to move the Group from a net funds position of £55m to a net debt position of £95m as a result of the recognition of £150m lease liabilities. This impact is not recognised within the Group's banking covenant calculations.

Debt finance

The composition of the Group's outstanding debt, excluding lease liabilities, is summarised below.

£m	**At 30 June 2019**	At 31 December 2018	At 30 June 2018
5.25% Sterling Notes June 2019	**-**	80	80
5.25% Sterling Notes January 2024	**431**	500	500
5.25% Sterling Notes May 2026	**250**	-	-
Loan from related party	**37**	-	-
Revolving credit facility drawn	**-**	52	87
Unamortised debt issue costs	**(3)**	(2)	(3)
Accrued interest	**11**	12	12
Gross Debt pre-IFRS 16	**726**	642	676
IFRS 16 lease liabilities	**150**	-	-
Total Debt	**876**	642	676

On 24 May 2019 the Group issued a £250m 5.25% note due 2026 under its £1bn Euro Medium Term Note Programme. The proceeds of this were used to pay down the revolving credit facility ("RCF") drawings, repay the £80m bond that matured in June 2019 and to buy back £69m of the £500m 2024 bonds through a tender offer. As a result the Group's core gross debt has increased to £681m with a further ¥5bn (£37m) short term loan from our JV partner Tokyo Tanshi Co. Ltd maturing in September 2019.

The RCF was refinanced in December 2018 on improved terms increasing our overall facility to £270m from £250m. The revolving credit facility matures in December 2021 and was undrawn at the end of the period.

Exchange rates
The income statements and balance sheets of the Group's businesses whose functional currencies are 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 2019	H1 2018	H2 2018	**H1 2019**	H1 2018	H2 2018
US dollar	**$1.30**	$1.38	$1.30	**$1.27**	$1.32	$1.28
Euro	**€1.15**	€1.14	€1.12	**€1.12**	€1.13	€1.13

Pensions
In 2017 the Group reported that the Trustee had insured the defined benefit liabilities of the UK pension scheme ("Scheme") through the purchase of a bulk annuity 'buy-in' policy from Rothesay Life. The policy is in the name of the Scheme and is a Scheme asset.

During 2019 the Trustee commenced proceedings to 'buy-out' the Scheme's liabilities, a process that will enable the Trustee to exchange the Scheme's bulk annuity policy for individual policies issued to, and directly held, by the Scheme's beneficiaries. To proceed with the 'buy-out', the Sponsor and Trustee commenced the wind-up of the Scheme. Prior to this, the Trustee had no right to unilaterally wind-up, or otherwise augment the benefits due to members and based on those limitations the net surplus was recognised in full by the Group. Under UK legislation, once a Scheme commences wind-up, the assets of the Scheme pass unconditionally to the Trustee to enable it to settle the Scheme's liabilities. As a result, the Group has applied the requirements of IFRIC 14, fully restricting the Group's recognition of the £55m net surplus by applying an asset recognition ceiling. The asset ceiling is recorded as a charge in other comprehensive income.

During the wind-up period, the Group will continue to restrict the recognition of the net surplus. Should any member benefits be augmented during this period, they will represent a past service cost and will be recorded as exceptional costs in the Income Statement as and when those benefits are agreed. Costs associated with the settlement of the Scheme's liabilities will also be recorded as exceptional costs in the Income Statement as and when incurred.

Following the full settlement of the Scheme's liabilities the Scheme will be wound-up and the Sponsor expects to receive the remaining assets. Any repayment received will also be subject to applicable taxes at that time, currently 35%.

Regulatory capital
The Group's consolidated lead regulator is the FCA.

The Group has a waiver from the consolidated capital adequacy requirements under CRD IV. The Group's current waiver took effect on 30 December 2016, following the acquisition of ICAP, and will expire on 30 December 2026. Under the terms of the waiver, each investment firm within the Group must be treated as either a limited activity or a limited licence firm and comply with its individual regulatory capital resources requirements. TP ICAP plc, 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 Group (the 'Financial Holding Company test').

The terms of the waiver require the Group to eliminate the excess of its consolidated own funds requirements compared with its consolidated own funds ('Excess Goodwill') over the ten-year period to 30 December 2026. The amount of the Excess Goodwill must not exceed the amount determined as at the date the waiver took effect (the "Excess Goodwill Ceiling"). The Excess Goodwill Ceiling is reduced to nil in line with a schedule over ten years to December 2026, with the first reduction of 25% occurring from 1st July 2019. The Excess Goodwill Ceiling continues to reduce by 25% every 2.5 years on a straight line basis. The Group expects to reduce its Excess Goodwill in accordance to the declining Excess Goodwill Ceiling. The waiver also sets out conditions with respect to the maintenance of financial ratios relating to leverage, debt service and debt maturity profile.

The Group's regulatory capital headroom under the Financial Holding Company test calculated in accordance with Pillar 1 was £1,553m at the end of June 2019 (31 December 2018: £1,605m). Many of the Group's broking entities are regulated on a 'solo' basis and are obliged to meet the regulatory capital requirements imposed by the local regulator of the jurisdiction in which they operate. The Group maintains an appropriate excess of financial resources in such entities.

Information disclosure under Pillar 3 is available on the Group's website: www.tpicap.com.

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Condensed Consolidated Income Statement
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for the six months ended 30 June 2019

Six months ended 30 June 2019 (unaudited)	Notes	**Underlying £m**	**Acquisition, disposal and integration costs (Note 7) £m**	**Exceptional Items (Note 7) £m**	**Total £m**
Revenue	5	**922**	**-**	**-**	**922**
Administrative expenses	6	**(771)**	**(45)**	**(6)**	**(822)**
Impairment loss on trade receivables		**(1)**	**-**	**-**	**(1)**
Other operating income	8	**8**	**-**	**-**	**8**
Operating profit	5	**158**	**(45)**	**(6)**	**107**
Finance income	9	**3**	**-**	**-**	**3**
Finance costs	10	**(27)**	**-**	**-**	**(27)**
Profit before tax		**134**	**(45)**	**(6)**	**83**
Taxation		**(33)**	**8**	**1**	**(24)**
Profit after tax		**101**	**(37)**	**(5)**	**59**
Share of results of associates and joint ventures		**8**	**-**	**-**	**8**
Profit for the period		**109**	**(37)**	**(5)**	**67**
Attributable to:					
Equity holders of the parent		**108**	**(37)**	**(5)**	**66**
Non-controlling interests		**1**	**-**	**-**	**1**
		109	**(37)**	**(5)**	**67**
Earnings per share					
- Basic	11	**19.3p**			**11.8p**
- Diluted	11	**19.1p**			**11.7p**

Six months ended 30 June 2018 (unaudited)					
Revenue	5	910	-	-	910
Administrative expenses	6	(758)	(101)	(4)	(863)
Impairment loss on trade receivables		(1)	-	-	(1)
Other operating income	8	4	-	-	4
Operating profit	5	155	(101)	(4)	50
Finance income	9	2	-	-	2
Finance costs	10	(18)	-	-	(18)
Profit before tax		139	(101)	(4)	34
Taxation		(36)	11	-	(25)
Profit after tax		103	(90)	(4)	9
Share of results of associates and joint ventures		6	-	-	6
Profit for the period		109	(90)	(4)	15
Attributable to:					
Equity holders of the parent		107	(90)	(4)	13
Non-controlling interests		2	-	-	2
		109	(90)	(4)	15
Earnings per share					
- Basic	11	19.2p			2.3p
- Diluted	11	19.1p			2.3p

Year ended 31 December 2018	Notes	Underlying £m	Acquisition, Disposal and integration costs (Note 7) £m	Exceptional Items (Note 7) £m	Total £m
Revenue	5	1,763	-	-	1,763
Administrative expenses	6	(1,498)	(160)	(23)	(1,681)
Impairment loss on trade receivables		(1)	-	-	(1)
Other operating income	8	12	-	-	12
Operating profit	5	276	(160)	(23)	93
Finance income	9	5	-	-	5
Finance costs	10	(36)	-	-	(36)
Profit before tax		245	(160)	(23)	62
Taxation		(63)	20	4	(39)
Profit after tax		182	(140)	(19)	23
Share of results of associates and joint ventures		12	-	-	12
Profit for the period		194	(140)	(19)	35

Attributable to:					
Equity holders of the parent		191	(140)	(19)	32
Non-controlling interests		3	-	-	3
		194	(140)	(19)	35
Earnings per share					
- Basic	11	34.2p			5.7p
- Diluted	11	33.9p			5.7p

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Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2019

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 £m
Profit for the period	**67**	15	35
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	**(55)**	(2)	(2)
Equity investments at FVTOCI			
- net change in fair value	**1**	6	7
Taxation relating to items not reclassified	**19**	1	1
	(35)	5	6
Items that may be reclassified subsequently to profit or loss:			
Effect of changes in exchange rates on translation of foreign operations	**3**	15	49
Taxation relating to items that may be reclassified	**-**	1	-
	3	16	49
Other comprehensive (loss)/income for the period	**(32)**	21	55
Total comprehensive income for the period	**35**	36	90
Attributable to:			
Equity holders of the parent	**34**	33	86
Non-controlling interests	**1**	3	4
	35	36	90

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Condensed Consolidated Balance Sheet

as at 30 June 2019

	Notes	**30 June 2019 (unaudited) £m**	30 June 2018[1] (unaudited) £m	31 December 2018 £m
Non-current assets				
Intangible assets arising on consolidation	13	**1,571**	1,581	1,594
Other intangible assets		**64**	70	69
Property, plant and equipment		**78**	67	74
Right-of-use assets	2(d)	**101**	-	-
Investment in associates		**53**	54	53
Investment in joint ventures		**27**	26	26
Other investments		**20**	17	20
Deferred tax assets		**3**	7	4
Retirement benefit assets	14	**-**	56	55
Other long term receivables		**33**	18	20
		1,950	1,896	1,915
Current assets				
Trade and other receivables[1]		**57,638**	44,605	22,798
Financial investments		**135**	131	133
Cash and cash equivalents[1]		**646**	609	667
		58,419	45,345	23,598
Total assets		**60,369**	47,241	25,513
Current liabilities				
Trade and other payables		**(57,470)**	(44,480)	(22,735)
Interest bearing loans and borrowings	15	**(48)**	(179)	(144)
Lease liabilities	2(d)	**(23)**	-	-
Current tax liabilities		**(49)**	(65)	(55)
Short term provisions	18	**(29)**	(28)	(31)

		(57,619)	(44,752)[1]	(22,965)
Net current assets		**800**	593	633
Non-current liabilities				
Interest bearing loans and borrowings	15	**(678)**	(497)	(498)
Lease liabilities	2(d)	**(127)**	-	-
Deferred tax liabilities[1]		**(98)**	(112)	(123)
Long term provisions	18	**(25)**	(20)	(30)
Other long term payables		**(20)**	(53)	(64)
Retirement benefit obligations	14	**(3)**	(4)	(3)
		(951)	(686)	(718)
Total liabilities		**(58,570)**	(45,438)	(23,683)
Net assets		**1,799**	1,803	1,830
Equity				
Share capital		**141**	141	141
Share premium		**17**	17	17
Merger reserve		**1,384**	1,384	1,384
Other reserves		**(1,159)**	(1,192)	(1,158)
Retained earnings[1]		**1,399**	1,438	1,430
Equity attributable to equity holders of the parent		**1,782**	1,788	1,814
Non-controlling interests		**17**	15	16
Total equity		**1,799**	1,803	1,830

1. Trade and other receivables, cash and cash equivalents, deferred tax liabilities and retained earnings as at 30 June 2018 have been restated for the adoption of IFRS 9 in 2018.

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Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2019

	Equity attributable to equity holders of the parent										
	Share capital	**Share premium account**	**Merger reserve**	**Reverse acquisition reserve**	**Re-valuation reserve**	**Hedging and translation**	**Own shares**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
30 June 2019 (unaudited)											
Balance at 1 January 2019	**141**	**17**	**1,384**	**(1,182)**	**4**	**31**	**(11)**	**1,430**	**1,814**	**16**	**1,830**
Profit for the period	-	-	-	-	-	-	-	**66**	**66**	**1**	**67**
Other comprehensive income/(loss) for the period	-	-	-	-	**1**	**3**	-	**(36)**	**(32)**	-	**(32)**
Total comprehensive income for the period	-	-	-	-	**1**	**3**	-	**30**	**34**	**1**	**35**
Dividends paid	-	-	-	-	-	-	-	**(63)**	**(63)**	-	**(63)**
Share settlement of share-based payment awards	-	-	-	-	-	-	**2**	**(3)**	**(1)**	-	**(1)**
Own shares acquired for employee trusts	-	-	-	-	-	-	**(7)**	-	**(7)**	-	**(7)**
Credit arising on share-based payment awards	-	-	-	-	-	-	-	**5**	**5**	-	**5**
Balance at 30 June 2019	**141**	**17**	**1,384**	**(1,182)**	**5**	**34**	**(16)**	**1,399**	**1,782**	**17**	**1,799**

	Equity attributable to equity holders of the parent										
	Share capital	Share premium account	Merger reserve	Reverse acquisition reserve	Re-valuation reserve	Hedging and translation	Own shares	Retained earnings[1]	Total[1]	Non-controlling interests	Total equity[1]
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
30 June 2018 (unaudited)											
Balance at 1 January 2018	139	17	1,378	(1,182)	1	(17)	(10)	1,494	1,820	13	1,833
Adjustment on initial application of IFRS 9[1]	-	-	-	-	-	-	-	(4)	(4)	-	(4)
Adjusted balance at 1 January 2018[1]	139	17	1,378	(1,182)	1	(17)	(10)	1,490	1,816	13	1,829
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Profit for the period	-	-	-	-	-	-	-	13	13	2	15
Other comprehensive income/(loss) for the period	-	-	-	-	6	15	-	(1)	20	1	21
Total comprehensive income for the period	-	-	-	-	6	15	-	12	33	3	36
Issue of ordinary shares	2	-	6	-	-	-	-	(2)	6	-	6
Dividends paid	-	-	-	-	-	-	-	(63)	(63)	(1)	(64)
Gain on disposal of equity instruments at FVTOCI	-	-	-	-	(4)	-	-	4	-	-	-
Share settlement of share-based payment awards	-	-	-	-	-	-	4	(4)	-	-	-
Own shares acquired for employee trusts	-	-	-	-	-	-	(5)	-	(5)	-	(5)
Credit arising on share-based payment awards	-	-	-	-	-	-	-	1	1	-	1
Balance at 30 June 2018	141	17	1,384	(1,182)	3	(2)	(11)	1,438	1,788	15	1,803

1. Retained earnings as at 1 January 2018 and 30 June 2018 have been restated for the adoption of IFRS 9 in 2018.

	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
31 December 2018											
Balance at 1 January 2018	139	17	1,378	(1,182)	1	(17)	(10)	1,494	1,820	13	1,833
Adjustment on initial application of IFRS 9 (Note 2(d))	-	-	-	-	-	-	-	(4)	(4)	-	(4)
Adjusted balance at 1 January 2018	139	17	1,378	(1,182)	1	(17)	(10)	1,490	1,816	13	1,829
Profit for the period	-	-	-	-	-	-	-	32	32	3	35
Other comprehensive income/(loss) for the period	-	-	-	-	7	48	-	(1)	54	1	55
Total comprehensive income for the period	-	-	-	-	7	48	-	31	86	4	90
Issue of ordinary shares	2	-	6	-	-	-	-	(2)	6	-	6
Dividends paid	-	-	-	-	-	-	-	(94)	(94)	(1)	(95)
Gain on disposal of equity instruments at FVTOCI	-	-	-	-	(4)	-	-	4	-	-	-
Share settlement of share-based payment awards	-	-	-	-	-	-	4	(4)	-	-	-
Own shares acquired for employee trusts	-	-	-	-	-	-	(5)	-	(5)	-	(5)
Credit arising on share-based payment awards	-	-	-	-	-	-	-	5	5	-	5
Balance at 31 December 2018	141	17	1,384	(1,182)	4	31	(11)	1,430	1,814	16	1,830

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Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2019

	Notes	**Six months ended 30 June 2019 (unaudited) £m**	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 £m
Cash flows from operating activities	16	**(2)**	(1)	149
Investing activities				
(Purchase)/sale of financial investments		**(2)**	5	4
Sale of equity investments at FVTOCI		**1**	7	7
Purchase of equity investments at FVTOCI		**(1)**	-	-
Interest received		**3**	1	3
Dividends from associates and joint ventures		**9**	5	10
Expenditure on intangible fixed assets		**(8)**	(15)	(26)
Purchase of property, plant and equipment		**(11)**	(33)	(47)
Deferred consideration paid		**(12)**	-	(3)
Investment in associates		**-**	(1)	(2)
Acquisition consideration paid		**-**	(5)	(18)
Cash acquired with acquisitions		**-**	-	1
Net cash flows from investment activities		**(21)**	(36)	(71)
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Financing activities				
Dividends paid	12	**(63)**	(63)	(94)
Dividends paid to non-controlling interests		**-**	(1)	(1)
Own shares acquired for employee trusts		**(8)**	(5)	(5)
Drawdown of revolving credit facility		**39**	87	87
Repayment of revolving credit facility		**(91)**	-	(35)
Funds received from loans from related parties		**35**	-	-
Funds received from issue of Sterling Notes		**250**	-	-
Repayment of Sterling Notes		**(149)**	-	-
Debt issue and bank facility arrangement costs		**(1)**	-	(3)
Payment of lease liabilities		**(10)**	-	-
Net cash flows from financing activities		**2**	18	(51)
Net (decrease)/increase in cash and cash equivalents		**(21)**	(19)	27
Cash and cash equivalents at the beginning of the period		**667**	622	622
Adjustment on initial application of IFRS 9[1]		**-**	(1)	(1)
Effect of foreign exchange rate changes		**-**	7	19
Net cash and cash equivalents at the end of the period[1]	17	**646**	609	667
Cash and cash equivalents[1]		**706**	663	680
Overdrafts		**(60)**	(54)	(13)
Net cash and cash equivalents at the end of the period[1]		**646**	609	667

1. Cash and cash equivalents as at 30 June 2018 have been restated for the adoption of IFRS 9 in 2018.

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Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2019

1. General information

The condensed consolidated financial information for the six months ended 30 June 2019 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 2018 which were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU.

The statutory Group Financial Statements for the year ended 31 December 2018 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 2019 has been prepared using accounting policies consistent with IFRS. The interim information, together with the comparative information contained in this report for the year ended 31 December 2018, 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 11) and is considered to be
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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
Except as described below, the accounting policies applied in these Condensed Consolidated Financial Statements are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2018. The changes in accounting policies are also expected to be reflected in the Group's Consolidated Financial Statements for the year ending 31 December 2019.

IFRS 16 'Leases'

The Group has adopted IFRS 16 'Leases' as at 1 January 2019, using the cumulative catch-up approach. Under this transition method, comparative information has not been restated and cumulative adjustments on initial application are recognised in the opening balance sheet as at 1 January 2019. Accordingly, comparative information presented for 2018 is presented as previously reported under IAS 17 and related interpretations. Lessor accounting remains similar to previous accounting policies. The details of the changes in the Group's accounting policies as a lessee are disclosed below.

(i) Definition of a lease
The Group assesses whether a contract is, or contains, a lease based on the new definition of a lease. Under IFRS 16 a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16 the Group elected to apply the practical expedient not to reassess whether a contract was or contained a lease. The Group therefore applied IFRS 16 only to contracts that had been previously identified as leases, in accordance with IAS 17 and IFRIC 4, before 1 January 2019. The Group has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019. The Group considers that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of the relative stand-alone prices. However, for certain leases of properties the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) As a lessee
The distinction between operating leases and finance leases is removed. Under IFRS 16 the Group now recognises right-of-use assets and lease liabilities, which the Group has chosen to report separately on its balance sheet.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, the date at which power to control the asset is obtained. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in the future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease cash flows, currently presented as operating cash flows, will be split into payments of principal and interest and will be presented as financing and operating cash flows respectively.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes termination and/or renewal options and for leases which the Group has enforceable rights that extend the lease agreement. The assessment of whether the Group is reasonably certain to exercise such options or whether the Group is able to enforce its additional rights impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

(iii) Transition as at 1 January 2019
At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, and any provisions held in respect of onerous lease contracts.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of remaining lease term;
- Relied on previous assessments on whether leases are onerous;
- Excluded initial direct costs from the measuring the right-of-use asset at the date of initial application; and,
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. This expedient has been applied in reassessing the lease terms associated with three significant UK leases. Under an agreement with the landlord, two property leases will be terminated once the Group has moved its operations to a new leased property.

(iv) As a lessor
In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

The Group sub-leases some of its leased properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. Where the Group is an intermediate lessor, it will account for the head lease and the sub-lease as two separate contracts and is required to classify the sub-lease as either a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Where sub-lease agreements are assessed as finance leases, the Group will derecognise the right-of-use asset and record its interest in finance lease receivables. As required by IFRS 9, an allowance for expected credit losses will be recognised on the finance lease receivables.

(v) Impact on transition
The impact on transition is summarised below:

	1 January 2019 £m
Right-of-use assets	**96**
Finance lease receivables (presented in other receivables)	**13**
Lease liabilities	**(145)**
Property provisions	**(1)**

When measuring lease liabilities for leases that were classified as operating leases the Group discounted lease payments using its incremental borrowing rate as at 1 January 2019, reflecting the lease term and the type of leased asset. The weighted-average rate applied was 7.4%.

	1 January 2019 £m
Lease liabilities	
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	**313**
- Recognition exemption for leases of low-value assets	**-**
- Recognition exemption for leases with less than 12 months of lease term at transition	**(3)**
- Termination and extension options reasonably certain to be exercised[1]	**(89)**
Gross lease commitments at 1 January 2019	**221**
Lease liabilities recognised at 1 January 2019, discounted using the incremental borrowing rate	**145**
Right-of-use assets	
Initial right-of-use assets at amounts equal to the associated lease liability	**145**
- Adjustment for prepaid and accrued lease payments	**(29)**
- Adjustment for provisions held in respect of onerous leases	**(8)**
- Adjustment for additional property provisions	**1**
Amounts recognised as finance lease receivables	**(13)**
	96

1. Operating lease commitments have reduced by a net £89m following a reassessment of three significant UK leases. Under an agreement with the landlord, two property leases will be terminated once the Group has moved its operations to a new leased property. The new lease is estimated to have a commencement date of 30 September 2019 at which date a lease liability and right-of-use asset, with estimated values of £59m, will be recognised. The gross lease commitment is estimated to be £99m.

(vi) Impact for the period

During the six months ended 30 June 2019, the Group, in relation to leases under IFRS 16, has recognised depreciation and interest costs, instead of IAS 17 operating lease expenses, as follows:

	Recognised in the Income Statement during the six months ended 30 June 2019		Operating lease expense under IAS 17
	Depreciation	**Net Interest Expense**	

	£m	£m	£m
EMEA	**5**	**1**	6
Americas	**3**	**3**	5
Asia Pacific	**3**	**1**	3
	11	**5**	14

As at 1 January 2019 and 30 June 2019 the right-of-use assets and lease liabilities were as follows:

	30 June 2019 £m	1 January 2019 £m
Right-of-use assets by type		
- Properties	**100**	**95**
- Equipment	**1**	**1**
	101	**96**
Finance lease receivables (presented in other receivables)		
- Properties	**13**	**13**
	13	**13**
Lease liabilities		
- Current lease liabilities	**23**	**17**
- Non-current lease liabilities	**127**	**128**
	150	**145**

Other New Standards and Interpretations

The following new Standards and Interpretations are effective from 1 January 2019 but they do not have a material effect in the Group's financial statements:

- IFRIC 23 Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards (2015-2017 Cycle); and
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.

(e) Restatement of 30 June 2018 comparative information

Trade and other receivables, cash and cash equivalents and deferred tax liabilities have been restated as at 30 June 2018 reflecting amendments to expected credit losses (ECL's) recorded on the adoption of IFRS 9. Reported retained earnings as at 30 June 2018 have reduced by £1m, reflecting a £3m reduction in the reported value of trade and other receivables, a £1m increase in the reported value of cash and cash equivalents, and a £1m decrease in the reported value of deferred tax liabilities.

3. Related party transactions

Related party transactions are described in Note 36 to the 2018 statutory Group Financial Statements. During the half-year ended 30 June 2019 the Group entered into a loan with a related party, the details of which are set out in Note 15. There have been no other material changes in the nature or value of related party transactions in the six months ended 30 June 2019.

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 39 to 43 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 2018. 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.

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

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Revenue			
EMEA	**458**	465	886

Americas	**340**	322	636
Asia Pacific	**124**	123	241
	922	910	1,763
Operating profit[1]			
EMEA	**96**	97	173
Americas	**49**	45	81
Asia Pacific	**13**	13	22
Underlying operating profit[1]	**158**	155	276
Acquisition, disposal and integration costs (Note 7)	**(45)**	(101)	(160)
Exceptional items (Note 7)	**(6)**	(4)	(23)
Reported operating profit	**107**	50	93
Finance income[2]	**3**	2	5
Finance costs[2]	**(27)**	(18)	(36)
Profit before tax	**83**	34	62
Taxation	**(24)**	(25)	(39)
Profit of consolidated companies	**59**	9	23
Share of results of associates and joint ventures	**8**	6	12
Profit for the period	**67**	15	35

In relation to leases under IFRS 16:
1. *Operating profit includes depreciation of £5m for EMEA, £3m for Americas and £3m for Asia Pacific instead of operating lease expense of £6m for EMEA, £5m for Americas and £3m for Asia Pacific; and*
2. *Net finance costs include the unwind of discounted lease liabilities of £1m for EMEA, £3m for Americas and £1m for Asia Pacific.*

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

Revenue by Business Division	**Six months ended 30 June 2019 £m**	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
- Rates	**288**	284	547
- Credit	**50**	56	101
- FX & Money Markets	**100**	110	207
- Emerging Markets	**108**	113	213
- Equities	**102**	109	210
Global Broking	**648**	672	1,278
Energy & Commodities	**187**	167	331
Institutional Services	**23**	17	37
Data & Analytics	**64**	54	117
	922	910	1,763

Other segmental information

Segment assets[1]	**30 June 2019 £m**	30 June 2018[2] £m	31 December 2018 £m
EMEA - UK[2]	**14,356**	14,623	4,179
EMEA - Other	**855**	732	110
Americas[2]	**44,780**	31,512	20,873
Asia Pacific[2]	**378**	353	351
	60,369	47,220	25,513
Unallocated goodwill arising on acquisitions	**-**	21	-
	60,369	47,241	25,513
Segment liabilities[1]			
EMEA - UK[2]	**13,289**	13,537	3,090
EMEA - Other	**834**	721	95
Americas	**44,259**	31,024	20,341
Asia Pacific	**188**	156	157
	58,570	45,438	23,683

1. *Segmental assets and liabilities as at 30 June 2019 include right-of-use assets, finance lease receivables and lease liabilities following the adoption of IFRS 16. Right-of-use assets as at 30 June 2019 were: EMEA - UK £30m, EMEA - Other £3m, Americas £47m and Asia Pacific £21m. Finance lease receivables as at 30 June 2019 were: EMEA - UK £2m and Americas £11m. Lease liabilities as at 30 June 2019 were: EMEA - UK £40m, EMEA - Other £3m, Americas £87m and Asia Pacific £20m.*
2. *Segmental assets and liabilities as at 30 June 2018 have been restated for the adoption of IFRS 9 in 2018.*

Segmental assets and liabilities exclude all inter-segment balances.

The Group continues to review the assets and liabilities it acquired with Axiom Refined Products, LLC, Atlas Commodity Markets, LLC, Atlas Petroleum Markets, LLC, and Atlas Physical Grains, LLC (collectively 'Axiom'), 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 in November 2019. Details of the acquisition of Axiom is set out in Note 30(b) to the 2018 statutory Group Financial Statements.

6. Administrative expenses

Administrative expenses comprise:

Six months ended 30 June 2019 (unaudited)	**Underlying £m**	**Acquisition, disposal and integration costs £m**	**Exceptional items £m**	**Total £m**
Broker compensation costs	**451**	**-**	**-**	**451**
Other staff costs	**113**	**9**	**1**	**123**
Other share-based compensation charge	**3**	**2**	**-**	**5**
Employment costs	**567**	**11**	**1**	**579**
Technology and related costs	**76**	**3**	**-**	**79**
Premises and related costs	**11**	**-**	**2**	**13**
Amortisation of other intangible assets	**12**	**1**	**-**	**13**
Depreciation of property, plant and equipment	**6**	**-**	**-**	**6**
Depreciation of right-of-use assets	**11**	**-**	**-**	**11**
Amortisation of intangible assets arising on consolidation	**-**	**21**	**-**	**21**
Adjustments to deferred consideration	**-**	**2**	**-**	**2**
Other administrative costs	**88**	**7**	**3**	**98**
	771	**45**	**6**	**822**

Six months ended 30 June 2018 (unaudited)				
Broker compensation costs	440	-	-	440
Other staff costs	118	12	-	130
Other share-based compensation charge/(credit)	2	(1)	-	1
Employment costs	560	11	-	571
Technology and related costs	73	-	-	73
Premises and related costs	27	1	-	28
Amortisation of other intangible assets	12	-	-	12
Depreciation of property, plant and equipment	5	-	-	5
Amortisation of intangible assets arising on consolidation	-	20	-	20
Impairment of intangible assets arising on consolidation	-	58	-	58
Adjustments to deferred consideration	-	(1)	-	(1)
Other administrative costs	81	12	4	97
	758	101	4	863

Year ended 31 December 2018	Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	Total £m
Broker compensation costs	859	-	-	859
Other staff costs	237	22	-	259
Other share-based payment charge	5	-	-	5
Charge relating to employee long-term benefits	-	-	2	2
Employment costs	1,101	22	2	1,125
Technology and related costs	146	-	-	146
Premises and related costs	52	1	14	67
Amortisation of other intangible assets	25	1	-	26
Depreciation of property, plant and equipment	10	-	3	13
Amortisation of intangible assets arising on consolidation	-	40	-	40
Impairment of intangible assets arising on consolidation	-	65	-	65
Impairment of associate	-	3	-	3
Adjustments to deferred consideration	-	5	-	5
Net change relating to legal settlement	-	-	3	3
Acquisition costs	-	3	-	3
Other administrative costs	164	20	1	185
	1,498	160	23	1,681

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

Acquisition, disposal and integration costs comprise:

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m

ICAP integration costs			
- Employee related costs	**9**	12	22
- Share-based payment charge/(credit)	**2**	(1)	-
- Premises and technology costs	**3**	1	1
- Amortisation of other intangible assets	**1**	-	1
- Other administrative costs	**5**	12	20
	20	24	44
Acquisition and disposal costs			
- Acquisition costs	**2**	-	3
- Amortisation of intangible assets arising on consolidation	**21**	20	40
- Impairment of intangible assets arising on consolidation	**-**	58	65
- Impairment of associate	**-**	-	3
- Adjustments to deferred consideration	**2**	(1)	5
	45	101	160
Taxation	**(8)**	(11)	(20)
	37	90	140

Exceptional items comprise:

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Exceptional items			
- Charge relating to business reorganisation	**4**	-	18
- Charge relating to employee long-term benefits	**-**	-	2
- Net charge relating to legal settlements (Note 18)	**2**	4	3
	6	4	23
Taxation	**(1)**	-	(4)
	5	4	19

8. 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.

9. Finance income

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Interest receivable and similar income	**2**	1	4
Interest receivable on finance lease receivables	**1**	-	-
Deemed interest arising on the defined benefit pension scheme surplus	**-**	1	1
	3	2	5

10. Finance costs

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Interest and fees payable on bank facilities	**2**	1	4
Interest payable on Sterling Notes June 2019	**2**	2	4
Interest payable on Sterling Notes January 2024	**12**	13	26
Interest payable on Sterling Notes May 2026	**1**	-	-
Other interest payable	**-**	1	1
Amortisation of debt issue and bank facility costs	**1**	1	1
Borrowing costs	**18**	18	36
Interest payable on lease liabilities	**6**	-	-
Premium on repurchase of Sterling Notes January 2024	**3**	-	-
	27	18	36

11. Earnings per share

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018

Basic - underlying	**19.3p**	19.2p	34.2p
Diluted - underlying	**19.1p**	19.1p	33.9p
Basic earnings per share	**11.8p**	2.3p	5.7p
Diluted earnings per share	**11.7p**	2.3p	5.7p

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

	Six months ended 30 June 2019 No. (m)	Six months ended 30 June 2018 No. (m)	Year ended 31 December 2018 No. (m)
Basic weighted average shares	**560.0**	556.3	558.5
Contingently issuable shares	**5.7**	4.4	5.6
Diluted weighted average shares	**565.7**	560.7	564.1

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

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Earnings for the period	**67**	15	35
Non-controlling interests	**(1)**	(2)	(3)
Earnings	**66**	13	32
Acquisition, disposal and integration costs (Note 7)	**45**	101	160
Exceptional items (Note 7)	**6**	4	23
Taxation	**(9)**	(11)	(24)
Underlying earnings	**108**	107	191

12. Dividends

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2018 of 11.25p per share	**63**	-	-
Interim dividend for the year ended 31 December 2018 of 5.6p per share	**-**	-	31
Final dividend for the year ended 31 December 2017 of 11.25p per share	**-**	63	63
	63	63	94

An interim dividend of 5.6p per share will be paid on 8 November 2019 to all shareholders on the Register of Members on 4 October 2019.

As at 30 June 2019 the TP ICAP plc Employee Benefit Trust held 4,535,504 ordinary shares (31 December 2018 and 30 June 2018: 2,609,004 ordinary shares) and has waived its rights to dividends.

13. Intangible assets arising on consolidation

	Goodwill £m	**Other £m**	**Total £m**
As at 1 January 2019	**1,030**	**564**	**1,594**
Acquisition adjustments in the measurement period:			
- Remeasurement of other intangible assets	**(5)**	**5**	**-**
- Increase in net asset acquired	**(2)**	**-**	**(2)**
Amortisation of acquisition related intangibles	**-**	**(21)**	**(21)**
Impairment of acquisition related intangibles	**-**	**-**	**-**
Effect of movements in exchange rates	**-**	**-**	**-**
As at 30 June 2019	**1,023**	**548**	**1,571**

The Group continues to review the assets and liabilities it acquired with Axiom Refined Products, LLC, Atlas Commodity Markets, LLC, Atlas Petroleum Markets, LLC, and Atlas Physical Grains, LLC (collectively 'Axiom'), 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 in November 2019. Details of the acquisition of Axiom is set out in Note 30(b) to the 2018 statutory Group Financial Statements. As at 30 June 2019 measurement adjustments have been recorded that increase the provisional value of customer relationships by £5m and increase the value of net assets acquired by £2m, with a corresponding reduction in goodwill.

Other intangible assets at 30 June 2019 represent customer relationships of £532m (31 December 2018: £543m), business brands and trademarks of £13m (31 December 2018: £16m), and other intangibles of £3m (31 December 2018: £5m) that arise through business combinations. Customer relationships are being amortised between 10 and 20 years.

Goodwill arising through business combinations is allocated to groups of individual cash-generating units ('CGUs'), reflecting the lowest level at which the Group monitors and tests goodwill for impairment purposes. The CGU groupings are as follows:

	30 June 2019 £m	**31 December 2018 £m**
CGU		
EMEA	**655**	**654**
Americas	**273**	**281**
Asia Pacific	**95**	**95**
Goodwill allocated to CGUs	**1,023**	**1,030**

During the period the Group has undertaken an impairment assessment of its CGUs to which goodwill has been allocated. Determining whether goodwill is impaired requires an estimation of the recoverable amount of each group of CGUs. The recoverable amount is the higher of its value in use ('VIU') or its fair value less cost of disposal ('FVLCD'). VIU is a pre-tax valuation, using pre-tax cash flows and pre-tax discount rates which is compared to the pre-tax carrying value of the CGU, whereas FVLCD is a post-tax valuation, using post-tax cash flows, post-tax discount rates and other post-tax observable valuation inputs, which is compared to a post-tax carrying value of the CGU. The CGU's recoverable amount is compared to its carrying value to determine if an impairment is required.

Following the adoption of IFRS 16, the right-of-use assets recognised by the Group have been allocated to the relevant CGU, increasing that CGU's carrying value. The valuation of the CGU also increases reflecting changes in the relevant discount rates used, due to the inclusion of lease liabilities, together with changes to lease renewal cash flows during the forecast period. As both the carrying value and valuation of the CGU increase, no additional impairment arises as a result of the change in CGU carrying value and valuation.

As at 30 June 2019 the recoverable amount for each CGU has been based on their VIU. The key assumptions for the VIU calculations are those regarding expected cash flows arising in future periods, regional growth rates and the discount rates. Future projections are based on the most recent financial projections considered by the Board which are used to project pre-tax cash flows for the next five years. After this period a steady state cash flow is used to derive a terminal value for the CGU. Growth rates on underlying revenue, equating to a 0.9% compound annual growth rate over the five year projected period, have been used for all CGUs, with post IFRS 16, pre-tax discount rates of 11.0% for EMEA, 13.6% for Americas and 11.8% for Asia Pacific. The calculations have been subject to stress tests reflecting reasonably possible changes in key assumptions.

No impairment has arisen as a result of the VIU valuation at June 2019, however both the Americas and Asia Pacific CGUs are sensitive to reasonably possible changes in the VIU assumptions. Under this approach the recoverable amount for Americas exceeded its carrying value by £141m, which reduces to £nil if, over the projected period, compound annual growth rates fall to negative 0.5% or if the discount rate increased to 17.3% and Asia Pacific exceeded its carrying value by £17m, which reduces to £nil if, over the projected period, compound annual growth rates falls to 0.8% or if the discount rate increased to 12.9%. The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances.

14. Retirement benefits

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

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Defined benefit scheme surplus - UK	**55**	56	55
Impact of asset ceiling on UK scheme surplus:			
- Charged to other comprehensive income (remeasurement of defined benefit pension schemes)	**(55)**	-	-
Recognised in Condensed Consolidated Balance Sheet	**-**	56	55
Defined benefit schemes deficit - Overseas	**(3)**	(4)	(3)

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

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Fair value of Scheme assets:			
Opening balance	**243**	260	260
Deemed interest income	**2**	3	6
Return on Scheme assets - Trustee administered funds	**-**	(2)	(2)
Return on Scheme assets - revaluation of insurance policies	**16**	(5)	(9)
Benefits paid/transfers out	**(5)**	(4)	(11)

Administrative expenses	**-**	-	(1)
Closing balance	**256**	252	243
Present value of Scheme liabilities:			
Opening balance	**(188)**	(203)	(203)
Deemed interest cost	**(2)**	(2)	(5)
Actuarial (losses)/gains	**(16)**	5	9
Benefits paid/transfers out	**5**	4	11
	(201)	(196)	(188)
Scheme surplus	**55**	56	55

In 2017 the Group reported that the Trustee had insured the Scheme's defined benefit liabilities through the purchase of a bulk annuity 'buy-in' policy from Rothesay Life. The policy is in the name of the Scheme and is a Scheme asset.

During 2019 the Trustee commenced proceedings to 'buy-out' the Scheme's liabilities, a process that will enable the Trustee to exchange the Scheme's bulk annuity policy for individual policies issued to, and directly held, by the Scheme's beneficiaries. To proceed with the 'buy-out', the Sponsor and Trustee commenced the wind-up of the Scheme. Prior to this, the Trustee had no right to unilaterally wind-up, or otherwise augment the benefits due to members and based on those limitations the net surplus was recognised in full by the Group. Under UK legislation, once a Scheme commences wind-up, the assets of the Scheme pass unconditionally to the Trustee to enable it to settle the Scheme's liabilities. As a result, the Group has applied the requirements of IFRIC 14, restricting the Group's recognition of the net surplus by applying an asset recognition ceiling. The asset ceiling is recorded in other comprehensive income.

During the wind-up period, the Group will continue to restrict the recognition of the net surplus. During this period any member benefits that are augmented will represent a past service cost and will be recorded as exceptional costs in the Income Statement as and when those benefits are agreed. Costs associated with the settlement of the Scheme's liabilities will also be recorded as exceptional costs in the Income Statement as and when incurred.

Following the full settlement of the Scheme's liabilities the Scheme will be wound up and the Sponsor expects to receive the remaining assets. Any repayment received will also be subject to applicable taxes at that time, currently 35%.

15. Interest bearing loans and borrowings

30 June 2019	**Current £m**	**Non-current £m**	**Total £m**
Bank loans	**-**	**-**	**-**
Loans from related parties	**37**	**-**	**37**
Sterling Notes January 2024	**10**	**429**	**439**
Sterling Notes May 2026	**1**	**249**	**250**
	48	**678**	**726**
31 December 2018			
Bank loans	52	-	52
Sterling Notes June 2019	80	-	80
Sterling Notes January 2024	12	498	510
	144	498	642

All amounts are stated after unamortised transaction costs.

Bank credit facilities and bank loans
In December 2018 the Group cancelled its £250m committed revolving credit facility, that would have matured in April 2020, and entered into a new £270m committed revolving credit facility maturing in December 2021. Interest of LIBOR+2.0% is payable on the drawn balance. Facility commitment fees of 0.8% on the undrawn balance are payable on the new facility, reduced from 1.0% that were payable on the cancelled facility. Arrangement fees of £3m were incurred in 2018 and will be amortised over the maturity of the new facility.

As at 30 June 2019, the £270m revolving credit facility was undrawn. Amounts drawn down are reported as bank loans in the above table. Bank loans are denominated in Sterling and their carrying amount approximated to their fair value.

Interest and facility fees of £2m were incurred in the six months to 30 June 2019.

Loans from related parties
In April 2019 the Group borrowed Yen 5bn (£35m) due 30 September 2019 from a related party. The loan has a coupon of 6 month TIBOR + 2.25%. At 30 June 2019 the fair value of the loan (Level 2) was £37m. Accrued interest at 30 June 2019 amounted to less than £1m.

Sterling Notes: Due June 2019
In June 2019 the Group repaid its £80m Sterling Notes that were due June 2019. These Notes had a coupon of 5.25% payable semi-annually.

Sterling Notes: Due January 2024
In January 2017 the Group issued £500m unsecured Sterling Notes due January 2024. The Notes have a fixed coupon of 5.25% payable semi-annually, subject to compliance with the terms of the Notes. During the period to 30 June 2019 the Group repurchased Notes with a par value of £69m, for £73m including accrued interest. At 30 June

2019 the fair value of the remaining Notes (Level 1) was £452m. Accrued interest at 30 June 2019 amounted to £10m. Issue costs of £3m were incurred in 2017.

Sterling Notes: Due May 2026
In May 2019 the Group issued £250m unsecured Sterling Notes due May 2026. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. At 30 June 2019 the fair value of the Notes (Level 1) was £256m. Accrued interest at 30 June 2019 amounted to £1m. Issue costs of £1m were incurred in the period.

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

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Operating profit	**107**	50	93
Adjustments for:			
- Share-based payment charge	**5**	1	5
- Pension scheme's administration costs	**-**	-	1
- Depreciation of property, plant and equipment	**6**	5	13
- Depreciation of right-of-use assets	**11**	-	-
- Amortisation of intangible assets	**13**	12	26
- Amortisation of intangible assets arising on consolidation	**21**	20	40
- Impairment of intangible assets arising on consolidation	**-**	58	65
- Loss on disposal of associates	**-**	-	1
- Impairment of associates	**-**	-	3
- Adjustments to deferred consideration	**2**	(1)	5
- Revaluation of debt instruments	**2**	-	-
- Non-cash movement in FVTPL balances	**(2)**	-	-
Operating cash flows before movement in working capital	**165**	145	252
Increase in trade and other receivables	**(38)**	(69)	(37)
Increase in net settlement and trading balances	**(48)**	(46)	(14)
(Decrease)/increase in trade and other payables	**(20)**	(2)	1
Decrease in provisions	**-**	(13)	(1)
Increase in non-current liabilities	**-**	14	13
Retirement benefit scheme contributions	**-**	-	(1)
Cash generated from operations	**59**	29	213
Income taxes paid	**(34)**	(14)	(30)
Interest paid	**(27)**	(16)	(34)
Net cash from operating activities	**(2)**	(1)	149

17. Analysis of net funds

	1 January 2019 £m	**Adoption of IFRS 16 £m**	**Cash flow £m**	**Non-cash items £m**	**Exchange differences £m**	**30 June 2019 £m**
Cash	**670**	**-**	**23**	**-**	**-**	**693**
Cash equivalents	**10**	**-**	**3**	**-**	**-**	**13**
Overdrafts	**(13)**	**-**	**(47)**	**-**	**-**	**(60)**
Cash and cash equivalents	**667**	**-**	**(21)**	**-**	**-**	**646**
Financial investments	**133**	**-**	**2**	**-**	**-**	**135**
Total funds	**800**	**-**	**(19)**	**-**	**-**	**781**
Bank loan due within one year	**(52)**	**-**	**52**	**-**	**-**	**-**
Loans from related parties	**-**	**-**	**(35)**	**-**	**(2)**	**(37)**
Sterling Notes June 2019	**(80)**	**-**	**82**	**(2)**	**-**	**-**
Sterling Notes January 2024	**(510)**	**-**	**84**	**(13)**	**-**	**(439)**
Sterling Notes May 2026	**-**	**-**	**(249)**	**(1)**	**-**	**(250)**
Lease liabilities	**-**	**(145)**	**10**	**(15)**	**-**	**(150)**
	(642)	**(145)**	**(56)**	**(31)**	**(2)**	**(876)**
Total net funds	**158**	**(145)**	**(75)**	**(31)**	**(2)**	**(95)**

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 investments comprise government debt securities, term deposits and restricted funds held with banks and clearing organisations.

During the six months to 30 June 2019 the Group repaid the £52m that was drawn on its £270m committed revolving credit facility as at 31 December 2018. As at 30 June 2019 the facility is undrawn. The facility matures in

December 2021. Interest of LIBOR+2.0% is payable on the drawn balance with facility fees of 0.8% payable on the undrawn balance.

The Group adopted IFRS 16 'Leases', as set out in Note 2(d), on 1 January 2019. Lease liabilities arising as a result of the application of the standard have been included as part of the Group's net funds.

Non-cash items represent additions to lease liabilities, accrued interest, the amortisation of debt issue costs and IFRS 9 expected credit losses.

18. Provisions

	Property	Re-structuring	Legal and other	Total
	£m	£m	£m	£m
At 1 January 2019	**14**	**10**	**37**	**61**
Adoption of IFRS16				
- onerous lease provisions offset against right-of-use assets	**(8)**	**-**	**-**	**(8)**
- increase in property provisions charged against right-of-use assets	**1**	**-**	**-**	**1**
Charge to income statement	**-**	**4**	**3**	**7**
Utilisation of provisions	**-**	**(7)**	**-**	**(7)**
Effect of movements in exchange rates	**-**	**-**	**-**	**-**
At 30 June 2019	**7**	**7**	**40**	**54**
Included in current liabilities				**29**
Included in non-current liabilities				**25**
				54

Property provisions outstanding as at 30 June 2019 relate to provisions in respect of building dilapidations, represents the estimated cost of making good dilapidations and disrepair on various leasehold buildings. Onerous lease provisions as at 31 December 2018 have been offset again the right-of-use asset arising on the adoption of IFRS 16 (Note 2(d)). Property leases expire in one to 15 years.

Restructuring provisions outstanding as at 30 June 2019 relate to termination and other employee related costs. The net decrease during the period reflects the utilisation of the provisions established as a result of the Group's cost improvement programme and the integration of ICAP. It is expected that these obligations will continued to be discharged during 2019.

Legal and other provisions include provisions for legal claims brought against subsidiaries of the Group together with provisions against obligations for certain long-term employee benefits and non-property related onerous contracts. At present the timing and amount of any payments are uncertain and provisions are subject to regular review. It is expected that the obligations will be discharged over the next 25 years.

European Commission - Yen LIBOR

In February 2015 the European Commission imposed a fine of €15m (£13m) on ICAP Europe Limited ('IEL') for alleged competition violations in relation to the involvement of certain of IEL's brokers in the attempted manipulation of Yen LIBOR by bank traders between October 2006 and January 2011. While this matter relates to alleged conduct violations prior to completion of the Group's acquisition of the ICAP global broking business, the Company notes that the fine imposed by the European Commission has been appealed, seeking a full annulment of the Commission's decision. In the event that the Commission imposes a fine in excess of €15m such excess will be borne by NEX Group plc ('NEX'). In November 2017, the European General Court granted a partial annulment of the Commission's findings. The Commission appealed this decision in February 2018 and IEL served its reply during April 2018. Written submissions for the appeal process closed in 2018. During 2018 the amount provided in respect of this matter was reduced to €10m (£9m) reflecting the Group's estimate of the liability. A decision from the Courts of Justice was received on 10 July 2019 which determined that the decision of the European Commission in relation to the competition violations still stands but the decision of the European Commission imposing the fine was annulled. However, the European Commission is likely to adopt new articles in relation to a fine and therefore the amount of €10m (£9m) has been retained.

Commodity Futures Trading Commission - USD Medium Term Interest Rate Swaps

In June 2018, the Group recorded an exceptional legal provision in the amount of US$10m (£8m) in connection with an ongoing regulatory investigation into its subsidiary, Tullett Prebon Americas Corp. ('TPAC'), relating to alleged broker conduct on the TPAC USD Medium Term Interest Rate Swaps desk between 2013 and 2014. Based upon currently available information, the Company believes that the outcome of the investigation will not, in aggregate, have a material adverse effect on the Group's financial condition. During the period, the amount provided for in respect of this matter has been increased from US$10m (£8m) to US$13m (£10m) reflecting the Group's current estimate of the liability. In light of the inherent uncertainties of such proceedings, however, including those that may be brought by regulators or other governmental authorities, the ultimate cost to the Group of resolving such proceedings may exceed current litigation provisions and any excess may be material to its operating results for any particular period depending, in part upon the operating results for such period.

19. 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. In connection with the investigation, the Group has undertaken its own review of the Group's previous systems and controls in relation to client gifts and hospitality. A decision from the FCA is expected to be received in the second half of 2019.

Bank Bill Swap Reference Rate case

On 16 August 2016, a litigation was filed in the United States District Court for the Southern District of New York naming Tullett Prebon plc, ICAP plc, ICAP Australia Pty LTD 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. On 26 November 2018, the Court dismissed all of the claims against the TP ICAP defendants and certain other defendants. On 28 January 2019 the Court ordered that a stipulation signed by the Plaintiffs and the TP ICAP defendants meant that the TP ICAP defendants were not required to respond to any Proposed Second Amended Class Action Complaint ('PSAC') that the Plaintiffs were seeking to file. On 3 April 2019 the Plaintiffs filed a PSAC, however the TP ICAP defendants have no obligation to respond. The Plaintiffs have reserved the right to appeal the dismissal of the TP ICAP defendants but have not as yet done so. 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 Valores Mobiliários Ltda ('ICAP Brazil') is a defendant in 13 (31 December 2018: 19) 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, including any potential social security tax liability, to be BRL 54m (£11m) (31 December 2018: BRL 67m (£14m)). The Group is the beneficiary of an indemnity from NEX in relation to any outflow in respect of materially all of these Labour claims insofar as they relate to periods prior to completion of the Group's acquisition of ICAP.

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 233m (£48m). The Group 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 2019.

LIBOR Class actions

The Group is currently defending two LIBOR related actions.

(i) Stichting LIBOR Class Action

On 15 December 2017, the Stichting Elco Foundation, a Netherlands-based claim foundation, filed a writ initiating litigation in the Dutch court in Amsterdam on behalf of institutional investors against ICAP Europe Limited ('IEL'), ICAP plc, Cooperative Rabobank U.A., UBS AG, UBS Securities Japan Co. Ltd, Lloyds Banking Group plc, and Lloyds Bank plc. The litigation alleges manipulation by the defendants of the JPY LIBOR, GBP LIBOR, CHF LIBOR, USD LIBOR, EURIBOR, TIBOR, SOR, BBSW and HIBOR benchmark rates, and seeks a declaratory judgment that the defendants acted unlawfully and conspired to engage in improper manipulation of benchmarks. If the plaintiffs succeed in the action, the defendants would be responsible for paying costs of the litigation, but each allegedly impacted investor would need to prove its own actual damages. It is not possible at this time to determine the final outcome of this litigation, but IEL has factual and legal defences to the claims and intends to defend the lawsuit vigorously. A hearing took place on 18 June 2019 and the Court is expected to issue its decision by 14 August 2019. The Group is covered by an indemnity from NEX in relation to any outflow in respect of the ICAP entities with regard to these matters.

(ii) Swiss Franc LIBOR Class Action

On 4 December 2017, a class of plaintiffs filed a Second Amended Class Action Complaint in the matter of Sonterra Capital Master Fund Ltd. et al. v. Credit Suisse Group AG et al. naming as defendants, among others, TP ICAP plc, Tullett Prebon Americas Corp., Tullett Prebon (USA) Inc., Tullett Prebon Financial Services LLC, Tullett Prebon (Europe) Limited, Cosmorex AG, ICAP Europe Limited, and ICAP Securities USA LLC (together, the 'Companies'). The Second Amended Complaint generally alleges that the Companies conspired with certain bank customers to manipulate Swiss Franc LIBOR and prices of Swiss Franc LIBOR based derivatives by disseminating false pricing information in false run-throughs and false prices published on screens viewed by customers in violation of the Sherman Act (anti-trust) and RICO. On 3 July 2018, the Companies filed motions to dismiss for lack of jurisdiction and failure to state a claim, which are currently pending. The Companies intend to contest liability in the matter and to vigorously defend themselves. It is not possible to predict the ultimate outcome of this action or to provide an estimate of any potential financial impact.

ICAP Securities Limited - Frankfurt AG

On 19 December 2018, the Attorney General's office of Frankfurt notified ICAP Securities Limited (Frankfurt Branch) ('ISL'), that administrative offence proceedings have been initiated against ISL in connection with criminal investigations into two former employees and a former Director of ISL suspected of aiding and abetting tax evasion for the benefit of a third party between 2007 and 2008. The Attorney General's office is considering imposing a corporate administrative fine against ISL or confiscating the earnings that ISL derived from the underlying alleged criminal conduct by the former employees and former Director. Not all details of the alleged wrongdoing or of the case against ISL are yet available. External lawyers have been instructed to represent ISL and to seek further access to the Attorney General's case file. As a result, it is not possible at this stage to provide a reliable estimate of any potential financial impact on the Group.

General note

From time to time the Group'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 Group'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.

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 Group's results or net assets.

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

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.

20. 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 2019 (unaudited)							
Equity investments at FVTOCI - net change in fair value	**1**	**-**	**-**	**-**	**1**	**-**	**1**
Effect of changes in exchange rates on translation of foreign operations	**-**	**3**	**-**	**-**	**3**	**-**	**3**
Remeasurement of the defined benefit pension scheme	**-**	**-**	**-**	**(55)**	**(55)**	**-**	**(55)**
Taxation on components of other comprehensive income	**-**	**-**	**-**	**19**	**19**	**-**	**19**
Other comprehensive income/(loss) for the period	**1**	**3**	**-**	**(36)**	**(32)**	**-**	**(32)**
Six months ended 30 June 2018 (unaudited)							
Equity investments at FVTOCI - net change in fair value	6	-	-	-	6	-	6
Effect of changes in exchange rates on translation of foreign operations	-	14	-	-	14	1	15
Remeasurement of the defined benefit pension scheme	-	-	-	(2)	(2)	-	(2)
Taxation on components of other comprehensive income	-	1	-	1	2	-	2
Other comprehensive income/(loss) for the period	6	15	-	(1)	20	1	21
Year ended 31 December 2018							
Equity investments at FVTOCI - net change in fair value	7	-	-	-	7	-	7
Effect of changes in exchange rates on translation of foreign operations	-	48	-	-	48	1	49
Remeasurement of the defined benefit pension scheme	-	-	-	(2)	(2)	-	(2)
Taxation on components of other comprehensive income	-	-	-	1	1	-	1
Other comprehensive income/(loss) for the period	7	48	-	(1)	54	1	55

21. Financial instruments

(a) Categorisation of financial assets and liabilities

Financial Assets **30 June 2019 (unaudited)**	FVTOCI debt instruments £m	FVTOCI equity instruments £m	Amortised cost £m	Mandatorily at FVTPL £m	Total carrying amount £m
Non-current financial assets measured at fair value					
Equity securities	**-**	**18**	**-**	**-**	**18**
Corporate debt securities	**2**	**-**	**-**	**-**	**2**

	2	18	-	-	20
Current financial assets measured at fair value					
Derivative instruments	-	-	-	2	2
Government debt securities	84	-	-	-	84
Current financial assets Not measured at fair value					
Term deposits	-	-	38	-	38
Restricted funds	-	-	13	-	13
Trade receivables	-	-	322	-	322
Settlement balances receivable	-	-	56,370	-	56,370
Deposits paid for securities borrowed	-	-	818	-	818
Cash and cash equivalents	-	-	646	-	646
	84	-	58,207	2	58,293
Total financial assets	86	18	58,207	2	58,313

Financial Liabilities	Mandatorily at FVTPL		Other financial liabilities		Total carrying amount
	Non-current	Current	Non-current	Current	
30 June 2019 (unaudited)	£m	£m	£m	£m	£m
Financial liabilities measured at fair value					
Deferred consideration	12	19	-	-	31
Derivative instruments	-	-	-	-	-
	12	19	-	-	31
Financial liabilities Not measured at fair value					
Bank loan	-	-	-	-	-
Loans from related parties	-	-	-	37	37
Sterling Notes January 2024	-	-	429	10	439
Sterling Notes May 2026	-	-	249	1	250
Trade payables	-	-	-	22	22
Settlement balances payable	-	-	-	56,289	56,289
Deposits received for securities loaned	-	-	-	821	821
	-	-	678	57,180	57,858
Total financial liabilities	12	19	678	57,180	57,889

(b) Maturity profile of financial liabilities

As at 30 June 2019, the contractual maturities, including future interest obligations, of the Group's financial liabilities were as follows:

Contractual maturities of financial and lease liabilities	Less than 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows
30 June 2019 (unaudited)	£m	£m	£m	£m	£m
Settlement balances	56,289	-	-	-	56,289
Deposits received for securities loaned	821	-	-	-	821
Derivatives at FVTPL	-	-	-	-	-
Trade payables	22	-	-	-	22
Bank loan	-	-	-	-	-
Loans from related parties	37	-	-	-	37
Sterling Notes January 2024	11	11	522	-	544
Sterling Notes May 2026	-	13	53	276	342
Lease liabilities	8	27	88	100	223
Deferred consideration	-	19	12	-	31
	57,188	70	675	376	58,309

(c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2019 (unaudited)	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets measured at fair value				
Equity instruments	**3**	**8**	**7**	**18**
Corporate debt securities	**-**	**-**	**2**	**2**
Government debt securities	**84**	**-**	**-**	**84**
Derivative instruments	**-**	**2**	**-**	**2**
Financial liabilities measured at fair value				
Deferred consideration	**-**	**-**	**(31)**	**(31)**
Derivative instruments	**-**	**-**	**-**	**-**
	87	**10**	**(22)**	**75**

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

Reconciliation of Level 3 fair value movements:

	Equity instruments (at FVTOCI) £m	Debt securities (at FVTOCI) £m	Deferred consideration(at FVTPL) £m	Total £m
Balance as at 1 January 2019	**7**	**2**	**(41)**	**(32)**
Net change in fair value - included in 'administrative expenses'	**-**	**-**	**(2)**	**(2)**
Acquisitions during the period	**1**	**-**	**-**	**1**
Amounts settled during the period	**(1)**	**-**	**12**	**11**
Effect of movements in exchange rates	**-**	**-**	**-**	**-**
Balance as at 30 June 2019	**7**	**2**	**(31)**	**(22)**

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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

Robin Stewart
Chief Financial Officer

6 August 2019

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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 2019 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 21. 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 Financial Reporting Council. 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 Financial Reporting Council 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 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 2019 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
6 August 2019

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