TULLETT PREBON PLC

Interim Management Report

for the six months ended 30 June 2014

Tullett Prebon plc (the "Company") today announced its results for the six months ended 30 June 2014.

Financial Highlights

- Revenue £360.3m (2013: £439.8m)
- Underlying Operating profit £50.3m (2013: £71.4m)
- Underlying Operating margin 14.0% (2013: 16.2%)
- Underlying Profit before tax £43.2m (2013: £62.8m)
- Underlying Basic EPS 16.0p (2013: 22.4p)
- Reported Profit before tax £8.9m (2013: £52.5m)
- Reported Basic EPS 1.3p (2013: 18.5p)
- Interim dividend 5.6p per share (2013: 5.6p per share)

Notes:

Underlying figures are stated before the net charge arising in each period related to the major legal actions between the Company and BGC, the charges in 2014 related to the cost improvement programme, costs in 2014 related to the acquisition of PVM, and the tax related to those items.

A table showing Underlying and Reported figures for each period is included in the Financial Review.

Terry Smith, Chief Executive, commented:

"Market conditions remained challenging throughout the first half as the overall level of activity in the financial markets remained subdued. Consistent with the lower level of market activity, revenue in the first half of the year was 15% lower than in the same period last year.

We cannot predict when the level of activity in the financial markets we serve may increase, and it would be prudent to expect that market conditions will continue to be difficult. We therefore continue to focus on managing our costs whilst maintaining our capability and seeking opportunities to develop the business. We expect that the benefit of the actions being taken to further reduce headcount and other fixed costs will be reflected in the results for the second half of this year.

The business provides a valuable service to clients through its ability to create liquidity through price and volume discovery to facilitate trading in a wide range of financial instruments. The widespread tranquillity in the markets we serve, the introduction of regulatory reforms in many of those markets, and the structural pressures on many of our clients combine to make the current environment challenging. We have taken action to strengthen the business to seek to ensure that we are in a position to take advantage of further opportunities to develop the business and to benefit when market conditions improve."

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.tullettprebon.com

Interim Management Report

for the six months ended 30 June 2014

Overview

Market conditions remained challenging throughout the first half as the overall level of activity in the financial markets remained subdued. The Group generates revenue from commissions it earns by facilitating and executing customer orders. The level of revenue is substantially dependent on customer trading volumes which are affected by the level of volatility in financial markets, by customers' risk appetite, and by their willingness and ability to trade.

Volatility is one of the key drivers of activity in the financial markets. Measures of financial market volatility have reached post financial crisis lows during the first half, which has also seen further flattening of yield curves and significant further spread compression in bond markets.

Market volumes also continue to be adversely affected by the more onerous regulatory environment applicable to many of our customers. Regulators worldwide have been adopting an increased level of scrutiny in supervising the financial markets and have been generally tightening the capital, leverage and liquidity requirements of commercial and investment banks, and taking steps to limit or separate their activities in order to reduce risk. This has reduced risk appetite and reduced the willingness and ability of our customers to trade.

The introduction of new regulatory reforms directly affecting the operation of the OTC derivatives markets has created uncertainty and the fragmentation of liquidity pools which has also reduced market volumes.

Revenue of £360.3m in the first half of the year was 15% lower than in the same period last year and was 2% higher than in the second half of last year, at constant exchange rates. Consistent with the lower level of market activity, revenue in the first four months of the year was 12% lower than last year, and was 20% lower in the last two months of the period.

The lower level of revenue has resulted in lower operating profit and a lower operating margin.

The Group continues to benefit from the actions taken in previous years designed to preserve the variable nature of broker compensation in relation to broking revenue in order to ensure that the business is well positioned to respond to less favourable market conditions. Broker compensation costs as a percentage of broking revenue have reduced to 56.7% in the first half of 2014, 1.5% points lower than in the first half last year. The overall contribution margin of the business after broker employment costs and other front office direct and variable costs was slightly higher than a year ago, but reflecting the lower level of revenue, the absolute amount of contribution in the first half was 13% lower at constant exchange rates than in the same period last year.

The management and support costs of the business, however, are not directly variable with revenue. As expected, these costs were slightly higher in the first half of 2014 than in the same period last year, due to the increase in the costs of the regulatory readiness project which covers the development, launch and ongoing running costs of new electronic platforms and associated technology infrastructure, and additional compliance resources. In the first half of this year the charge in the income statement for these costs was approaching 3% of revenue compared with just over 1.5% in the first half last year. The absolute level of costs related to the project remains in line with our previous expectations, but as a percentage of revenue the costs are higher than previously expected due to the lower level of revenue.

Underlying operating profit for the first half was £50.3m, 30% lower than reported for the first half of 2013, with an underlying operating margin of 14.0%, compared with 16.2% reported for the first half last year, and 14.4% reported for the full year 2013.

In the light of the continuation of difficult market conditions a number of actions are being taken to further reduce headcount and other fixed costs. It is now anticipated that this cost improvement programme will reduce annual fixed costs by over £40m through the exit of around 160 front office headcount and around 50 back office headcount and vacating office space. The annualised operating profit benefit from these actions is estimated to be £35m, with a targeted benefit of around half that amount in the second half of this year.

The cost of these actions is currently estimated to be £42m, of which £18m are non-cash charges relating to the write down of employment contract payments made in advance. This cost, together with the £3.2m non-cash write down of an employment incentive grant receivable that may not be recoverable due to the reduction in headcount, will be charged as an exceptional item in the 2014 accounts. The £28.6m exceptional charge in the income statement for the first half of the year relating to these items reflects the extent to which the actions had already been taken or that the business was committed to take by the end of June. It is expected that the balance of the exceptional charge will be made in the second half of the year.

We continue to focus on delivering innovative products and a first class broking service, and to take action to develop the business.

The Company announced on 9 May that agreement has been reached to acquire PVM Oil Associates Limited and its subsidiaries (“PVM”), a leading independent broker of oil instruments. The total consideration for the acquisition of the equity of the business, which has no debt, and which is estimated to have nil net working capital, is $160.0m (£93.6m at current exchange rates).

PVM’s business is focused entirely on Energy products, and has a long history as an international crude oil and products broker covering OTC swaps, forwards and physical crude oil and refined products, and exchange traded instruments including WTI, Brent and Gasoil futures. PVM’s customers are major oil companies, independent refiners and producers, government agencies, trading houses, banks, investment funds and corporations.

The acquisition of PVM will increase the scale of the Group's activities in the Energy sector and will give the Group a significant presence in broking crude oil and petroleum products complementing its existing activities in these areas. Crude oil is the world's most actively traded commodity. The acquisition will also allow Tullett Prebon Information to expand its data offering to include the current and historical oil price data generated from the PVM business and to offer this data to a broader set of customers.

In the latest available audited accounts, for the year ended 31 July 2013, PVM reported revenue of \$107.5m (£62.9m at current exchange rates) and profit before tax of \$18.2m (£10.6m). The management accounts for the 10 months to May 2014 show a small increase in revenue compared with the same period in the previous year.

Completion of the transaction is subject to FCA Change of Control Approval being obtained and the satisfaction of certain other conditions including admission of the new Ordinary Shares to the Official List and to trading on the London Stock Exchange.

The legal and professional costs incurred in relation to the acquisition of PVM have been charged as an exceptional item in the income statement.

The majority of OTC product markets are not characterised by continuous trading, and depend upon the intervention and support of voice brokers for their liquidity and effective operation. The business has continued to focus on its hybrid electronic broking offering, deploying platforms to comply with regulatory requirements and to respond to market demand. The platforms we offer provide clients with the flexibility to transact either entirely electronically or in conjunction with the business's comprehensive voice execution broker network.

The business in all three regions is supported by the deployment of the Group's electronic broking platforms. The platforms facilitate client trading through electronic execution or with voice broker support, and provide a range of functionality including streaming prices, analytics, and auction capability, and operate as highly efficient front end order management and trade capture systems for both brokers and customers.

The Company's swap execution facility, tpSEF Inc. ("tpSEF") continues to operate successfully, utilising many of the Group's electronic broking platforms to offer trade execution and reporting services compliant with the new regulatory framework in the United States for swaps. tpSEF started operating in October last year when the rules for the capture and reporting of all trades of instruments within scope came into effect. The requirement for the mandatory execution within a SEF of trades in instruments that have been determined by the CFTC to be "made available to trade" first came into effect for certain interest rate and credit index instruments in February this year. Third party analysis of the notional volume of trades reported through SEFs shows that the market shares of the interdealer brokers have been maintained at the levels before the rules were introduced.

In Europe, the implementation of EMIR, which contains provisions governing mandatory clearing requirements and trade reporting requirements for derivatives, is coming into effect in stages as the various technical standards are agreed. The requirement that details of derivative contracts must be reported to recognised trade repositories came into effect from 12 February 2014, the first clearing obligations are expected to come into effect during 2015, subject to the authorisation of a relevant CCP, and margin requirements for non-cleared trades will apply from 1 December 2015. The legislative framework governing permissible trade execution venues, and governance and conduct of business requirements for trading venues, (MiFID II) and a new regulation (MiFIR), has been adopted by the EU Council and Parliament, and the rules set out in MiFID II will become effective at the beginning of 2017.

The Information Sales business was awarded, for the fourth consecutive year, the title of Best Data Provider (Broker) at the Inside Market Data Awards in May. Clients continue to demand an ever higher standard of independent, quality data and the award, which is determined by an independent poll of end-users, reaffirms the industry's recognition of our position as the leading provider of the highest quality independent price information and data from the global OTC markets.

Whilst the vast majority of the trades we arrange for customers involve voice brokers, a significant proportion of our broking activity is supported by and relies upon the functionality provided by electronic platforms. The revenue from those products supported by electronic platforms, together with the revenue from the Information Sales and Risk Management Services businesses, accounted for over 30% of total revenue in the first half.

Our key financial and performance indicators for the first half of 2014 compared with those for the first half of 2013 are summarised in the table below.

	H1 2014	H1 2013	Change
Revenue	£360.3m	£439.8m	-15%*
Underlying Operating profit	£50.3m	£71.4m	-28%*
Underlying Operating margin	14.0%	16.2%	-2.2% points
Average broker headcount	1,654	1,710	-3%
Average revenue per broker (£'000)	204	243	-12%*
Broker employment costs : broking revenue	56.7%	58.2%	-1.5% points
Broker headcount (period end)	1,595	1,704	-6%
Broking support headcount (period end)	733	737	-1%

* at constant exchange rates

Operating Review

The tables below analyse revenue by region and by product group, and underlying operating profit by region, for the first half of 2014 compared with the equivalent period in 2013.

Revenue

A significant proportion of the Group's activity is conducted outside the UK and the reported revenue is therefore impacted by the movement in the foreign exchange rates used to translate the revenue from non-UK operations. The tables therefore show revenue for the first half of 2013 translated at the same exchange rates as those used for 2014, with growth rates calculated on the same basis. The revenue figures as reported are shown in Note 5 to the Condensed Consolidated Financial Statements.

The commentary below reflects the presentation in the tables.

Revenue by product group

	H1 2014 £m	H1 2013 £m	Change
Treasury products	96.9	110.2	-12%
Interest Rate Derivatives	70.6	93.1	-24%
Fixed Income	103.0	119.8	-14%
Equities	20.3	21.9	-7%
Energy	46.6	53.9	-14%
Information Sales and Risk Management Services	22.9	23.7	-3%
At constant exchange rates	360.3	422.6	-15%
Exchange translation		17.2	
Reported	360.3	439.8	-18%

Revenue was 15% lower in the first half of 2014 than in the same period in 2013 at constant exchange rates.

The lower revenue from Treasury products (FX and cash) reflects lower levels of market activity in major currency spot and forward FX markets, and cash deposit markets. Activity in emerging markets currencies particularly in offshore Renminbi products in Asia was stronger than in the major currencies.

Levels of activity in most Interest Rate Derivatives products (swaps and options) were subdued throughout the period, with weaker volumes in the swaps markets for most currencies and in interest rate options.

The Fixed Income product group includes government and government agency bonds, corporate bonds and related derivatives. The decline in revenue reflects the generally subdued levels of activity in the government bond markets. The corporate bond and the US municipal bond markets also experienced lower levels of activity, but to a lesser extent.

The reduction in revenue in Equities reflects the lower level of activity in equity derivatives in Europe and in Asia, partly offset by growth in the Americas.

In Energy, the revenue from power and gas products held up well, but revenue from oil products and commodities was lower than last year.

Revenue from Information Sales and Risk Management Services was 3% lower than last year, due to the lower revenue from Risk Management Services where market conditions have remained challenging reflecting low interest rate volatility. Revenue in the Information Sales business has continued to increase through a combination of expansion in its customer base and the addition of new content sets distributed both directly and via its market data vendor customers.

Revenue by region

	H1 2014 £m	H1 2013 £m	Change
Europe and the Middle East	209.0	254.2	-18%
Americas	102.7	117.8	-13%
Asia Pacific	48.6	50.6	-4%
At constant exchange rates	360.3	422.6	-15%
Exchange translation		17.2	
Reported	360.3	439.8	-18%

Europe and the Middle East

Revenue in Europe and the Middle East was 18% lower than in 2013. Broking revenue was 19% lower than last year, partly offset by growth in revenue from Information Sales.

Broking revenue from each of the five product groups was lower than last year reflecting the widespread impact of lower volatility and the reduction in customer activity. The reduction in revenue was most marked in 'volatility' products such as FX options, interest rate options and listed bond futures and options and equity options, but the difficult market conditions also severely affected the traditional major product areas of forward FX, interest rate swaps and government bonds, which account for a significant proportion of the revenue in the region. Revenue from emerging markets products held up better than those in the G7 currencies, including a strong performance in South African Rand bonds, benefiting from the opening of an office in Johannesburg, and in Eastern European and Turkish forward FX.

The business has continued to develop its presence in continental Europe and the Middle East through the expansion of existing offices and the opening of new offices. Revenue from the offices in the Middle East increased by 8% in the first half of 2014 compared with the same period in 2013. The recently established offices in continental Europe which broker locally issued bonds and serve a more diverse local client base also performed well. Average broker headcount for the region was 4% lower than last year, with average revenue per broker 16% lower than in the prior year reflecting the lower level of market activity.

Americas

Revenue in the Americas was 13% lower in the first half than a year ago, with lower revenue in both North America and in Brazil.

The reduction in the overall level of market activity in North America has particularly affected the revenue from Treasury products (FX and cash), Interest Rate Derivatives, and government and agency Fixed Income. Revenue from municipal bonds and corporate bonds, where the customer base is broader and more diverse, held up well compared with last year, and the business continues to benefit from its investment in Equities where revenue was up over 30%. The business in Canada has also continued to perform well, benefiting from the increased use of the tpCADdeal platform. The business in Brazil experienced a decline in revenue in the first half reflecting a less buoyant economy and lower market activity.

Broker headcount has continued to reduce in the USA reflecting the continuing cost reductions, with headcount in Canada and Brazil unchanged, and with an increase in Mexico as that new office is established. Average broker headcount in the Americas was 3% lower than in the first half of 2013 in the region, with average revenue per broker 9% lower.

Asia Pacific

Revenue in Asia Pacific was 4% lower than last year. Broking revenue was 2% lower, and revenue from the Risk Management Services business which is operated from the region was also lower than last year. Average broker headcount was 3% lower than last year, with average revenue per broker up 1% compared with the same period a year ago.

Over 80% of the revenue in the region comes from Treasury products and Interest Rate Derivatives. Revenue from Treasury products was 15% higher than last year, benefiting from the continuation of high levels of activity in offshore Renminbi products, but activity in many of the interest rate swaps markets in the region, particularly USD, JPY and AUD, was lower than a year ago. The business increased its revenue from Energy and commodities where it has continued to build its presence and extend its product coverage, but experienced a reduction in revenue in Equities reflecting the lower volatility in equity indices in the region.

Underlying Operating profit

The revenue, underlying operating profit and operating margin by region shown below are as reported. The change in underlying operating profit is calculated using constant exchange rates.

	Revenue		Underlying Operating profit		
	H1 2014 £m	H1 2013 £m	H1 2014 £m	H1 2013 £m	Change*
Europe and the Middle East	209.0	255.5	43.0	57.9	-25%
Americas	102.7	127.8	2.7	7.7	-61%
Asia Pacific	48.6	56.5	4.6	5.8	-8%
Reported	360.3	439.8	50.3	71.4	-28%

* at constant exchange rates

Underlying Operating margin by region	H1 2014	H1 2013
Europe and the Middle East	20.6%	22.7%
Americas	2.6%	6.0%
Asia Pacific	9.5%	10.3%
	14.0%	16.2%

Underlying operating profit in Europe and the Middle East of £43.0m was 25% lower than last year, with the underlying operating margin falling by 2.1% points to 20.6%. Broker employment costs as a percentage of revenue in the region have fallen by 2.0% points, but the margin benefit from this has been more than offset by the operational leverage effect of lower revenue.

The underlying operating profit in the Americas has fallen to £2.7m with the underlying operating margin at 2.6%. Broker employment costs as a percentage of revenue were 1.3% points lower in the first half compared with a year ago, but in addition to the operational leverage effect of lower revenue the region has incurred increased costs relating to the regulatory readiness project.

In Asia Pacific the reported underlying operating profit of £4.6m was 8% lower than last year, and the underlying operating profit margin for the region has reduced by 0.8% points to 9.5%. Broker employment costs as a percentage of revenue in the region were 0.5% points lower than last year, with the reduction in operating margin driven by the lower level of revenue.

Litigation

The outcome of the FINRA arbitration on the claims against BGC and former employees brought by the subsidiary companies in the United States which were raided by BGC Partners Inc. and certain of its subsidiaries in the second half of 2009, along with various claims asserted against those subsidiary companies, was determined in July.

The Arbitrators have determined that BGC and certain of the raided brokers should pay \$33.3m (£19.5m) in compensatory damages to the subsidiary companies on account of the claims against them. The Arbitrators have also determined that the subsidiary companies should pay \$6.1m (£3.5m) in compensatory damages to a representative of the former equity holders of Chapdelaine Corporate Securities & Co. which the Company acquired in January 2007 on account of certain of their claims, and \$0.2m (£0.1m) to one of the raided brokers.

The separate action being pursued by the Company and certain of its subsidiaries against BGC Partners Inc. in the New Jersey Superior Court, alleging, among other causes of action, violations under the NJ RICO Act, is currently scheduled to go to trial in the autumn of this year.

Consistent with the treatment adopted in previous years, the £4.4m of costs incurred in the first half of this year in relation to these actions have been included as an exceptional charge in the income statement. The compensatory damages will be included as exceptional items in the income statement in the second half of the year.

Financial Review

The results for the first half of 2014 compared with those for the first half of 2013 are shown in the tables below.

H1 2014

Profit and Loss	Underlying £m	Exceptional items £m	Reported £m
Revenue	360.3	–	360.3
Operating profit	50.3	–	50.3
Charge relating to major legal actions	–	(4.4)	(4.4)
Charge relating to cost improvement programme	–	(28.6)	(28.6)
Acquisition costs	–	(1.3)	(1.3)
Operating profit	50.3	(34.3)	16.0
Net finance expense	(7.1)	–	(7.1)
Profit before tax	43.2	(34.3)	8.9
Tax	(9.3)	2.2	(7.1)
Associates	1.2	–	1.2
Minorities	(0.2)	–	(0.2)
Earnings	34.9	(32.1)	2.8
Average number of shares	217.8m		217.8m
Basic EPS	16.0p		1.3p

H1 2013

Profit and Loss	Underlying £m	Exceptional items £m	Reported £m
Revenue	439.8	–	439.8
Operating profit	71.4	–	71.4
Charge relating to major legal actions	–	(10.3)	(10.3)
Operating profit	71.4	(10.3)	61.1
Net finance expense	(8.6)	–	(8.6)
Profit before tax	62.8	(10.3)	52.5
Tax	(14.6)	1.7	(12.9)
Associates	0.9	–	0.9
Minorities	(0.3)	–	(0.3)
Earnings	48.8	(8.6)	40.2
Average number of shares	217.8m		217.8m
Basic EPS	22.4p		18.5p

Net finance expense

The net finance expense comprises a cash finance charge of £8.2m (2013: £9.3m) partly offset by non-cash finance income of £1.1m (2013: £0.7m).

The cash finance charge comprises the £7.3m interest payable on the outstanding Sterling Notes, £0.6m of amortisation of debt issue costs, the commitment fee for the revolving credit facility of £0.8m, and other net interest income of £0.5m. The cash finance charge is lower than in the first half of 2013 as the charge for that period included £0.9m of accelerated amortisation of debt issue costs related to the bank debt that was repaid in April 2013.

The non-cash finance income comprises the deemed interest on the pension scheme net asset of £1.1m. In 2013 the £0.9m deemed interest was partly offset by the amortisation of the discount on deferred consideration.

Tax

The effective rate of tax on underlying PBT is 21.5% (2013: 23.2%). The effective rate of tax reflects the estimated effective rate for the full year. The actual effective rate of tax on underlying PBT for the full year 2013 was 22.5%. The 1.0% point reduction in the effective rate compared with the full year 2013 reflects the reduction in the corporation tax rate in the UK to 21.0% with effect from 1 April 2014.

The tax credit on exceptional items in 2014 reflects tax relief at the relevant rate for the jurisdiction in which the charges are borne, limited to the availability of taxable profits.

Basic EPS

The average number of shares used for the basic EPS calculation of 217.8m reflects the number of shares in issue at the beginning of the period, plus the 0.3m shares that are issuable when vested options are exercised, less the 0.2m shares held throughout the period by the Employee Benefit Trust which has waived its rights to dividends.

Exchange rates

The income statements and balance sheets of the Group's non-UK operations are translated into sterling at average and period end exchange rates respectively. The most significant exchange rates for the Group are the US dollar, the Euro, the Singapore dollar and the Japanese Yen. Average and period end exchange rates used in the preparation of the financial statements are shown below.

	Average			Period End		
	H1 2014	H1 2013	H2 2013	30 June 2014	31 Dec 2013	30 June 2013
US dollar	$1.67	$1.55	$1.57	$1.71	$1.66	$1.52
Euro	€1.22	€1.18	€1.18	€1.25	€1.20	€1.17
Singapore dollar	S$2.11	S$1.92	S$1.98	S$2.13	S$2.09	S$1.92
Japanese Yen	¥171	¥145	¥156	¥173	¥174	¥151

Cash flow and financing

Cash flow before dividends and debt repayments and draw downs is summarised in the table below.

	H1 2014 £m	H1 2013 £m
Underlying Operating profit	50.3	71.4
Share-based compensation and other non-cash items	0.5	0.6
Depreciation and amortisation	6.7	6.1
Accelerated depreciation – fire damaged assets	–	1.5
EBITDA	57.5	79.6
Capital expenditure (net of disposals)	(4.0)	(8.7)
Decrease in initial contract prepayment	7.4	4.2
Working capital	(33.1)	(26.1)
Operating cash flow	27.8	49.0
Exceptional items – 2014 cost improvement programme	(3.8)	–
Exceptional items – 2011/12 restructuring	(0.7)	(2.2)
Exceptional items – major legal actions	(4.4)	(10.3)
Exceptional items – acquisition costs	(1.3)	–
Interest	(2.4)	(2.3)
Taxation	(9.9)	(14.7)
Dividends received from associates/(paid to minorities)	0.1	–
Acquisitions/investments	(1.2)	(0.4)
Cash flow	4.2	19.1

Operating cash flow of £27.8m for the first half of 2014 is lower than the underlying operating profit reflecting the usual seasonal working capital outflow.

The capital expenditure of £4.0m in the first half is much lower than in the same period in 2013, as the rate of investment in the development of electronic platforms and associated infrastructure related to the regulatory readiness project has reduced.

The initial contracts prepayment balance has reduced, as payments in the period were lower than the amortisation charge.

The working capital outflow reflects the higher level of trade receivables and net settlement balances at June compared with the level at the previous year end, reflecting the higher level of business activity towards the end of the half year compared with that towards the year end, and the reduction in bonus accruals which are at their highest at the year end.

During the first half the Group made £3.8m of cash payments relating to actions taken as part of the 2014 cost improvement programme, and £0.7m relating to the 2011/12 restructuring programme.

The major legal actions net cash flow and the acquisition costs reflect the charges included in the period in the income statement.

The £1.2m expenditure on acquisitions and investments is the payment for the purchase in February 2014 of our former partner's equity interest in our main business in Japan, which was previously operated as a joint venture.

The movement in cash and debt is summarised below.

	Cash £m	Debt £m	Net £m
At 31 December 2013	282.8	(227.6)	55.2
Cash flow	4.2	–	4.2
Dividends	(24.5)	–	(24.5)
Amortisation of debt issue costs	–	(0.3)	(0.3)
Effect of movement in exchange rates	(2.7)	–	(2.7)
At 30 June 2014	259.8	(227.9)	31.9

At 30 June 2014 the Group's outstanding debt comprised £141.1m Sterling Notes due July 2016, £80m Sterling Notes due June 2019, and £8.5m Sterling Notes (subordinated debt) which will be repaid at their maturity date in August 2014. The Group has a committed £150m revolving credit facility that has remained undrawn throughout the period, which matures in April 2016.

Dividend

As in previous years, the interim dividend for 2014 has been set at a level equal to 50% of the final dividend paid for the previous year. This approach to setting the interim dividend is expected to continue.

The 5.6p per share interim dividend will be paid on 13 November 2014 to shareholders on the register at close of business on 24 October 2014.

Outlook

The overall level of activity in the financial markets has been subdued for the last two years reflecting persistently low volatility, the more onerous regulatory environment for our customers which has reduced their risk appetite and their willingness and ability to trade, and the introduction of new regulatory reforms directly affecting the operation of the OTC derivatives markets which has created uncertainty and the fragmentation of liquidity pools.

Periods of market calm can be protracted. The current calm in financial markets, however, seems to be somewhat incompatible with the fragility of underlying economic growth, the extreme monetary policy experiment being conducted by a number of the world's major central banks, and the prevailing geopolitical issues.

We cannot predict when the level of activity in the financial markets we serve may increase, and it would be prudent to expect that market conditions will continue to be difficult. We therefore continue to focus on managing our costs whilst maintaining our capability and seeking opportunities to develop the business. We expect that the benefit of the actions being taken to further reduce headcount and other fixed costs will be reflected in the results for the second half of this year.

The business provides a valuable service to clients through its ability to create liquidity through price and volume discovery to facilitate trading in a wide range of financial instruments. The widespread tranquillity in the markets we serve, the introduction of regulatory reforms in many of those markets, and the structural pressures on many of our clients combine to make the current environment challenging. We have taken action to strengthen the business to seek to ensure that we are in a position to take advantage of further opportunities to develop the business and to benefit when market conditions improve.

TULLETT PREBON PLC

Condensed Consolidated Income Statement

for the six months ended 30 June 2014

	Notes	Underlying £m	Exceptional items £m	Total £m
Six months ended 30 June 2014 (unaudited)				
Revenue	5	360.3	–	360.3
Administrative expenses	6	(312.3)	(34.3)	(346.6)
Other operating income	7	2.3	–	2.3
Operating profit	5	50.3	(34.3)	16.0
Finance income	8	1.8	–	1.8
Finance costs	9	(8.9)	–	(8.9)
Profit before tax		43.2	(34.3)	8.9
Taxation		(9.3)	2.2	(7.1)
Profit of consolidated companies		33.9	(32.1)	1.8
Share of results of associates		1.2	–	1.2
Profit for the period		35.1	(32.1)	3.0
Attributable to:				
Equity holders of the parent		34.9	(32.1)	2.8
Minority interests		0.2	–	0.2
		35.1	(32.1)	3.0
Earnings per share				
– Basic	10	16.0p		1.3p
– Diluted	10	16.0p		1.3p

	Notes	Underlying £m	Exceptional items £m	Total £m
Six months ended 30 June 2013 (unaudited)				
Revenue	5	439.8	–	439.8
Administrative expenses	6	(376.3)	(10.3)	(386.6)
Other operating income	7	7.9	–	7.9
Operating profit	5	71.4	(10.3)	61.1
Finance income	8	1.7	–	1.7
Finance costs	9	(10.3)	–	(10.3)
Profit before tax		62.8	(10.3)	52.5
Taxation		(14.6)	1.7	(12.9)
Profit of consolidated companies		48.2	(8.6)	39.6
Share of results of associates		0.9	–	0.9
Profit for the period		49.1	(8.6)	40.5
Attributable to:				
Equity holders of the parent		48.8	(8.6)	40.2
Minority interests		0.3	–	0.3
		49.1	(8.6)	40.5
Earnings per share				
– Basic	10	22.4p		18.5p
– Diluted	10	22.4p		18.4p

Condensed Consolidated Income Statement

for the six months ended 30 June 2014

	Notes	Underlying £m	Exceptional items £m	Total £m
Year ended 31 December 2013				
Revenue	5	803.7	–	803.7
Administrative expenses	6	(699.3)	(15.2)	(714.5)
Other operating income	7	11.0	–	11.0
Operating profit	5	115.4	(15.2)	100.2
Finance income	8	3.7	–	3.7
Finance costs	9	(19.5)	–	(19.5)
Profit before tax		99.6	(15.2)	84.4
Taxation		(22.4)	2.4	(20.0)
Profit of consolidated companies		77.2	(12.8)	64.4
Share of results of associates		1.4	–	1.4
Profit for the year		78.6	(12.8)	65.8
Attributable to:				
Equity holders of the parent		78.4	(12.8)	65.6
Minority interests		0.2	–	0.2
		78.6	(12.8)	65.8
Earnings per share				
– Basic	10	36.0p		30.1p
– Diluted	10	36.0p		30.1p

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2014

	Six months ended 30 June 2014 (unaudited) £m	Six months ended 30 June 2013 (unaudited) £m	Year ended 31 December 2013 £m
Profit for the period	3.0	40.5	65.8
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the defined benefit pension scheme	3.7	25.7	7.2
Taxation charge relating to items not reclassified	(1.3)	(9.0)	(2.5)
	2.4	16.7	4.7
Items that may be reclassified subsequently to profit or loss:			
Revaluation of investments	0.2	(0.2)	(0.5)
Effect of changes in exchange rates on translation of foreign operations	(4.6)	11.9	(7.8)
Taxation (charge)/credit relating to items that may be reclassified	(0.2)	0.2	0.2
	(4.6)	11.9	(8.1)
Other comprehensive income for the period	(2.2)	28.6	(3.4)
Total comprehensive income for the period	0.8	69.1	62.4
Attributable to:			
Equity holders of the parent	0.5	68.9	62.5
Minority interests	0.3	0.2	(0.1)
	0.8	69.1	62.4

TULLETT PREBON PLC

Condensed Consolidated Balance Sheet

for the six months ended 30 June 2014

	30 June 2014 (unaudited) £m	30 June 2013 (unaudited) £m	31 December 2013 £m
Non-current assets			
Goodwill	274.4	282.0	275.6
Other intangible assets	20.2	22.5	21.8
Property, plant and equipment	27.2	27.2	28.8
Interest in associates	4.7	4.7	4.0
Investments	5.8	6.2	5.7
Deferred tax assets	2.8	3.0	2.9
Defined benefit pension scheme	55.0	68.0	50.5
	390.1	413.6	389.3
Current assets			
Trade and other receivables	18,605.0	37,340.5	5,820.2
Financial assets	9.4	33.0	31.2
Cash and cash equivalents	250.4	246.9	251.6
	18,864.8	37,620.4	6,103.0
Total assets	19,254.9	38,034.0	6,492.3
Current liabilities			
Trade and other payables	(18,599.2)	(37,321.5)	(5,812.7)
Interest bearing loans and borrowings	(8.5)	–	(8.5)
Current tax liabilities	(15.8)	(25.8)	(19.3)
Short term provisions	(4.0)	(3.0)	(1.8)
	(18,627.5)	(37,350.3)	(5,842.3)
Net current assets	237.3	270.1	260.7
Non-current liabilities			
Interest bearing loans and borrowings	(219.4)	(227.4)	(219.1)
Deferred tax liabilities	(19.5)	(23.8)	(17.9)
Long term provisions	(5.5)	(6.0)	(4.3)
Other long term payables	(9.4)	(9.5)	(10.3)
	(253.8)	(266.7)	(251.6)
Total liabilities	(18,881.3)	(37,617.0)	(6,093.9)
Net assets	373.6	417.0	398.4
Equity			
Share capital	54.4	54.4	54.4
Share premium	17.1	17.1	17.1
Reverse acquisition reserve	(1,182.3)	(1,182.3)	(1,182.3)
Other reserves	119.0	143.5	123.7
Retained earnings	1,364.1	1,381.8	1,383.4
Equity attributable to equity holders of the parent	372.3	414.5	396.3
Minority interests	1.3	2.5	2.1
Total equity	373.6	417.0	398.4

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2014

	Equity attributable to equity holders of the parent										
	Share capital £m	Share premium account £m	Reverse acquisition reserve £m	Re-valuation reserve £m	Merger reserve £m	Hedging and translation £m	Own shares £m	Retained earnings £m	Total £m	Minority interests £m	Total equity £m
30 June 2014 (unaudited)											
Balance at 1 January 2014	54.4	17.1	(1,182.3)	1.9	121.5	0.4	(0.1)	1,383.4	396.3	2.1	398.4
Profit for the period	–	–	–	–	–	–	–	2.8	2.8	0.2	3.0
Other comprehensive income for the period	–	–	–	0.2	–	(4.9)	–	2.4	(2.3)	0.1	(2.2)
Total comprehensive income for the period	–	–	–	0.2	–	(4.9)	–	5.2	0.5	0.3	0.8
Dividends paid	–	–	–	–	–	–	–	(24.5)	(24.5)	(0.1)	(24.6)
Decrease in minority interests	–	–	–	–	–	–	–	(0.2)	(0.2)	(1.0)	(1.2)
Credit arising on share-based payment awards	–	–	–	–	–	–	–	0.2	0.2	–	0.2
Balance at 30 June 2014	54.4	17.1	(1,182.3)	2.1	121.5	(4.5)	(0.1)	1,364.1	372.3	1.3	373.6
30 June 2013 (unaudited)											
Balance at 1 January 2013	54.4	17.1	(1,182.3)	2.4	121.5	7.7	(0.1)	1,348.8	369.5	2.5	372.0
Profit for the period	–	–	–	–	–	–	–	40.2	40.2	0.3	40.5
Other comprehensive income for the period	–	–	–	(0.2)	–	12.2	–	16.7	28.7	(0.1)	28.6
Total comprehensive income for the period	–	–	–	(0.2)	–	12.2	–	56.9	68.9	0.2	69.1
Dividends paid	–	–	–	–	–	–	–	(24.5)	(24.5)	(0.2)	(24.7)
Credit arising on share-based payment awards	–	–	–	–	–	–	–	0.6	0.6	–	0.6
Balance at 30 June 2013	54.4	17.1	(1,182.3)	2.2	121.5	19.9	(0.1)	1,381.8	414.5	2.5	417.0
31 December 2013											
Balance at 1 January 2013	54.4	17.1	(1,182.3)	2.4	121.5	7.7	(0.1)	1,348.8	369.5	2.5	372.0
Profit for the year	–	–	–	–	–	–	–	65.6	65.6	0.2	65.8
Other comprehensive income for the year	–	–	–	(0.5)	–	(7.3)	–	4.7	(3.1)	(0.3)	(3.4)
Total comprehensive income for the year	–	–	–	(0.5)	–	(7.3)	–	70.3	62.5	(0.1)	62.4
Dividends paid	–	–	–	–	–	–	–	(36.7)	(36.7)	(0.3)	(37.0)
Credit arising on share-based payment awards	–	–	–	–	–	–	–	1.0	1.0	–	1.0
Balance at 31 December 2013	54.4	17.1	(1,182.3)	1.9	121.5	0.4	(0.1)	1,383.4	396.3	2.1	398.4

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 (unaudited) £m	Six months ended 30 June 2013 (unaudited) £m	Year ended 31 December 2013 £m
Net cash from operating activities	12	8.5	27.5	62.1
Investing activities				
Sale/(purchase) of financial assets		21.8	(2.4)	(1.9)
Interest received		0.8	0.8	1.9
Dividends from associates		0.2	0.2	1.0
Expenditure on intangible fixed assets		(2.1)	(3.9)	(6.7)
Purchase of property, plant and equipment		(1.9)	(4.9)	(10.4)
Investment in subsidiaries		(1.2)	(0.4)	(2.3)
Net cash from investment activities		17.6	(10.6)	(18.4)
Financing activities				
Dividends paid	11	(24.5)	(24.5)	(36.7)
Dividends paid to minority interests		(0.1)	(0.2)	(0.3)
Repayment of debt		–	(30.0)	(30.0)
Debt issue and bank facility arrangement costs		–	(1.7)	(1.7)
Net cash used in financing activities		(24.6)	(56.4)	(68.7)
Net increase/(decrease) in cash and cash equivalents		1.5	(39.5)	(25.0)
Cash and cash equivalents at the beginning of the period		251.6	281.5	281.5
Effect of foreign exchange rate changes		(2.7)	4.9	(4.9)
Cash and cash equivalents at the end of the period	13	250.4	246.9	251.6

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2014

1. General information

The condensed consolidated financial information for the six months ended 30 June 2014 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 Accounts for the year ended 31 December 2013 which were prepared in accordance with International Financial Reporting Standards (‘IFRSs’) as adopted by the EU.

The Statutory Accounts for the year ended 31 December 2013 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 accounts 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 2014 has been prepared using accounting policies consistent with IFRSs. The interim information, together with the comparative information contained in this report for the year ended 31 December 2013, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information is unaudited but has been reviewed by the Company's auditors, Deloitte LLP, and their report appears at the end of the Interim Management Report.

2. Accounting policies

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The Group has adequate financial resources to meet the Group’s ongoing obligations. 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 hundred thousand pounds (expressed as millions to one decimal place - £m), except where otherwise indicated.

The same accounting policies, presentation and methods of computation have been followed in the Condensed Consolidated Financial Statements as applied in the Group’s latest annual audited Group Financial Statements for the year ended 31 December 2013, except as described below.

The Group has adopted IFRS 10 ‘Consolidated Financial Statements’, IFRS 11 ‘Joint Arrangements’, IFRS 12 ‘Disclosures of Interests in Other Entities’, Amendments to IFRS 10, 11 and 12 regarding transitional guidance, IAS 27 ‘Separate Financial Statements’, IAS 28 ‘Investments in Associates and Joint Ventures’, Amendments to IAS 32 ‘Financial Instruments: Presentation’ regarding offsetting financial assets and financial liabilities, Amendments to IAS 36 ‘Impairment of assets’ regarding recoverable amount disclosures for non-financial assets, and Amendments to IAS 39 ‘Financial Instruments: Recognition and Measurement’ regarding the novation of derivatives and continuation of hedge accounting. The adoption of these standards and amendments has had no impact on the Condensed Consolidated Financial Statements. The adoption of IFRS 12 will increase the disclosure of Tullett Prebon plc’s interests in other entities and will be reported in the 2014 Statutory Accounts.

3. Related party transactions

Related party transactions are described in Note 36 to the 2013 Statutory Accounts. There have been no material changes in the nature or value of related party transactions in the six months ended 30 June 2014.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2014

4. Principal risks and uncertainties

Robust risk management is fundamental to the achievement of the Group's objectives. The Group maintains a Risk Assessment Framework which identifies risks within the following nine risk categories: Market Risk, Credit Risk, Operational Risk, Strategic and Business Risk, Governance Risk, Regulatory, Legal and Human Resource Risk, Reputational Risk, Liquidity Risk and Other Financial Risks. A detailed explanation of the above risks can be found on pages 16 to 19 of the latest Annual Report which is available at www.tullettprebon.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 2013. 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'.

Each geographic reportable segment derives revenue from Treasury Products, Interest Rate Derivatives, Fixed Income, Equities, Energy, and Information Sales and Risk Management Services.

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

Analysis by geographical segment

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Revenue			
Europe and the Middle East	209.0	255.5	468.7
Americas	102.7	127.8	233.9
Asia Pacific	48.6	56.5	101.1
	360.3	439.8	803.7
Operating profit			
Europe and the Middle East	43.0	57.9	97.9
Americas	2.7	7.7	10.4
Asia Pacific	4.6	5.8	7.1
Underlying operating profit	50.3	71.4	115.4
Charge relating to major legal actions	(4.4)	(10.3)	(15.2)
Charge relating to cost improvement programme	(28.6)	–	–
Acquisition costs	(1.3)	–	–
Reported operating profit	16.0	61.1	100.2
Finance income	1.8	1.7	3.7
Finance costs	(8.9)	(10.3)	(19.5)
Profit before tax	8.9	52.5	84.4
Taxation	(7.1)	(12.9)	(20.0)
Profit of consolidated companies	1.8	39.6	64.4
Share of results of associates	1.2	0.9	1.4
Profit for the period	3.0	40.5	65.8

5. Segmental analysis (continued)

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

Segment assets

	30 June 2014 £m	30 June 2013 £m	31 December 2013 £m
Europe and the Middle East – UK	12,235.1	15,246.2	1,728.4
Europe and the Middle East – Other	25.1	31.1	29.2
Americas	6,933.6	22,688.9	4,676.7
Asia Pacific	61.1	67.8	58.0
	19,254.9	38,034.0	6,492.3

Segment liabilities

	30 June 2014 £m	30 June 2013 £m	31 December 2013 £m
Europe and the Middle East – UK	11,982.2	14,965.6	1,465.0
Europe and the Middle East – Other	20.0	24.1	23.2
Americas	6,845.3	22,589.6	4,575.3
Asia Pacific	33.8	37.7	30.4
	18,881.3	37,617.0	6,093.9

Segmental assets and liabilities exclude all inter-segment balances.

Analysis by product group

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Revenue			
Treasury products	96.9	115.4	211.4
Interest Rate Derivatives	70.6	98.1	174.2
Fixed Income	103.0	124.1	225.5
Equities	20.3	22.9	43.2
Energy	46.6	54.8	102.4
Information Sales and Risk Management Services	22.9	24.5	47.0
	360.3	439.8	803.7

6. Exceptional items

Exceptional items comprise:

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Charge relating to major legal actions	4.4	10.3	15.2
Charge relating to cost improvement programme	28.6	–	–
Acquisition costs	1.3	–	–
	34.3	10.3	15.2
Taxation credit on exceptional items	(2.2)	(1.7)	(2.4)
	32.1	8.6	12.8

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2014

7. Other operating income

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

8. Finance income

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Interest receivable and similar income	0.7	0.8	1.8
Deemed interest arising on the defined benefit pension scheme surplus	1.1	0.9	1.9
	1.8	1.7	3.7

9. Finance costs

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Interest and fees payable on bank facilities	0.8	0.9	1.7
Interest payable on Sterling Notes August 2014	0.3	0.3	0.6
Interest payable on Sterling Notes July 2016	4.9	4.9	9.9
Interest payable on Sterling Notes June 2019	2.1	2.1	4.2
Other interest payable	0.2	0.2	0.3
Amortisation of debt issue and bank facility costs	0.6	1.7	2.3
Total borrowing costs	8.9	10.1	19.0
Amortisation of discount on deferred consideration	–	0.2	0.5
	8.9	10.3	19.5

10. Earnings per share

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
Basic – underlying	16.0p	22.4p	36.0p
Diluted – underlying	16.0p	22.4p	36.0p
Basic earnings per share	1.3p	18.5p	30.1p
Diluted earnings per share	1.3p	18.4p	30.1p

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

	Six months ended 30 June 2014 No. (m)	Six months ended 30 June 2013 No. (m)	Year ended 31 December 2013 No. (m)
Basic weighted average shares	217.8	217.8	217.8
Issuable on exercise of options	–	0.1	0.2
Diluted weighted average shares	217.8	217.9	218.0

10. Earnings per share (continued)

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

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Profit for the period	3.0	40.5	65.8
Minority interests	(0.2)	(0.3)	(0.2)
Earnings	2.8	40.2	65.6
Charge relating to major legal actions	4.4	10.3	15.2
Charge relating to cost improvement programme	28.6	–	–
Acquisition costs	1.3	–	–
Tax on above items	(2.2)	(1.7)	(2.4)
Underlying earnings	34.9	48.8	78.4

11. Dividends

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2013 of 11.25p per share	24.5	–	–
Interim dividend for the year ended 31 December 2013 of 5.6p per share	–	–	12.2
Final dividend for the year ended 31 December 2012 of 11.25p per share	–	24.5	24.5
	24.5	24.5	36.7

An interim dividend of 5.6p per share will be paid on 13 November 2014 to all shareholders on the Register of Members on 24 October 2014. As at 30 June 2014 the Tullett Prebon plc Employee Benefit Trust 2007 held 202,029 ordinary shares (2013: 202,029 ordinary shares) and has waived its rights to dividends.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2014

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

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 December 2013 £m
Operating profit	16.0	61.1	100.2
Adjustments for:			
- Share-based compensation expense	0.2	0.6	1.0
- Pension scheme's administration costs	0.3	–	–
- Depreciation of property, plant and equipment	3.2	2.7	5.5
- Amortisation of intangible fixed assets	3.5	3.4	6.4
- Loss on disposal of property, plant and equipment	–	1.5	1.5
- Loss on derecognition of intangible assets	–	0.1	0.1
Increase/(decrease) in provisions for liabilities and charges	3.5	(2.7)	(5.1)
(Decrease)/increase in non-current liabilities	(0.7)	0.4	2.8
Operating cash flows before movement in working capital	26.0	67.1	112.4
Decrease/(increase) in trade and other receivables	17.0	(20.2)	13.2
(Increase)/decrease in net settlement balances	(1.0)	(1.5)	0.4
Decrease in trade and other payables	(20.4)	(0.1)	(19.6)
Cash generated from operations	21.6	45.3	106.4
Income taxes paid	(9.9)	(14.7)	(27.5)
Interest paid	(3.2)	(3.1)	(16.8)
Net cash from operating activities	8.5	27.5	62.1

13. Analysis of net funds

	At 1 January 2014 £m	Cash flow £m	Non-cash items £m	Exchange differences £m	At 30 June 2014 £m
Cash	212.6	(10.4)	–	(2.6)	199.6
Cash equivalents	37.4	11.8	–	(0.1)	49.1
Client settlement money	1.6	0.1	–	–	1.7
Cash and cash equivalents	251.6	1.5	–	(2.7)	250.4
Financial assets	31.2	(21.8)	–	–	9.4
Total funds	282.8	(20.3)	–	(2.7)	259.8
Notes due within one year	(8.5)	–	–	–	(8.5)
Notes due after one year	(219.1)	–	(0.3)	–	(219.4)
	(227.6)	–	(0.3)	–	(227.9)
Total net funds	55.2	(20.3)	(0.3)	(2.7)	31.9

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2014

13. Analysis of net funds (continued)

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

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

14. Allocation of other comprehensive income within Equity

	Equity attributable to equity holders of the parent							
	Revaluation reserve	Merger reserve	Hedging and translation	Own shares	Retained earnings	Total	Minority interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
Six months ended 30 June 2014 (unaudited)								
Revaluation of investments	0.2	–	–	–	–	0.2	–	0.2
Exchange differences on translation of foreign operations	–	–	(4.7)	–	–	(4.7)	0.1	(4.6)
Remeasurement of the net defined benefit pension scheme	–	–	–	–	3.7	3.7	–	3.7
Taxation charge on components of other comprehensive income	–	–	(0.2)	–	(1.3)	(1.5)	–	(1.5)
Other comprehensive income for the period	0.2	–	(4.9)	–	2.4	(2.3)	0.1	(2.2)
Six months ended 30 June 2013 (unaudited)								
Revaluation of investments	(0.2)	–	–	–	–	(0.2)	–	(0.2)
Exchange differences on translation of foreign operations	–	–	12.0	–	–	12.0	(0.1)	11.9
Remeasurement of the net defined benefit pension scheme	–	–	–	–	25.7	25.7	–	25.7
Taxation credit /(charge) on components of other comprehensive income	–	–	0.2	–	(9.0)	(8.8)	–	(8.8)
Other comprehensive income for the period	(0.2)	–	12.2	–	16.7	28.7	(0.1)	28.6
Year ended 31 December 2013								
Revaluation of investments	(0.5)	–	–	–	–	(0.5)	–	(0.5)
Exchange differences on translation of foreign operations	–	–	(7.5)	–	–	(7.5)	(0.3)	(7.8)
Remeasurement of the net defined benefit pension scheme	–	–	–	–	7.2	7.2	–	7.2
Taxation credit /(charge) on components of other comprehensive income	–	–	0.2	–	(2.5)	(2.3)	–	(2.3)
Other comprehensive income for the year	(0.5)	–	(7.3)	–	4.7	(3.1)	(0.3)	(3.4)

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2014

15. Events after the balance sheet date

The outcome of the FINRA arbitration on the claims against BGC and former employees brought by the subsidiary companies in the United States which were raided by BGC Partners Inc. and certain of its subsidiaries in the second half of 2009, along with various claims asserted against those subsidiary companies, was determined in July.

The Arbitrators have determined that BGC and certain of the raided brokers should pay $33.3m (£19.5m) in compensatory damages to the subsidiary companies on account of the claims against them. The Arbitrators have also determined that the subsidiary companies should pay $6.1m (£3.5m) in compensatory damages to a representative of the former equity holders of Chapdelaine Corporate Securities & Co. which the Company acquired in January 2007 on account of certain of their claims, and $0.2m (£0.1m) to one of the raided brokers.

The compensatory damages will be included as exceptional items in the income statement in the second half of the year.

Directors' Responsibility Statement

for the six months ended 30 June 2014

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

Terry Smith
Chief Executive
29 July 2014

Independent Review Report to Tullett Prebon 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 2014 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity and related Notes 1 to 15. We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

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

Our responsibility

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half year report for the six months ended 30 June 2014 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
Chartered Accountants and Statutory Auditor
London, UK
29 July 2014