

TULLETT PREBON PLC

Financial and Interim Management Report For the six months ended 30 June 2016

Tullett Prebon plc (the “Company”) today announced its results for the six months ended 30 June 2016.

Financial Highlights

Underlying, before exceptional and acquisition related items

- Revenue of £430.3m, an increase of 4% on prior period (2015: £415.7m)
- Operating profit £67.0m, an increase of 11% on prior period (2015: £60.6m)
- Operating margin of 15.6% (2015: 14.6%)
- Profit before tax £60.3m (2015: £52.9m)
- Basic EPS 21.0p (2015: 17.7p)

Reported, after exceptional and acquisition related items

- Operating profit £45.4m (2015: £118.8m*)
- Profit before tax £35.5m (2015: £111.1m*)
- Basic EPS 11.9p (2015: 36.2p*)

*Includes the impact of the £64.4m credit relating to major legal actions.

A table showing Underlying and Reported figures for each period, detailing the exceptional and acquisition related items is included in the Financial Review.

The average number of shares used for the basic EPS calculation for period is 242.7m.

Operational Summary

- Resilient performance from the broking business in challenging market conditions
- Strong performance in Energy and Commodities, and Equities products
- Strong contribution from Information Sales and Risk Management Services (“RMS”)
- Tullett Prebon Information named best data provider for sixth consecutive year

Strategic Developments

- Planning for the integration of ICAP’s global hybrid voice broking and information business (“IGBB”) progressing well
- The Company continues to pursue strategic partnerships and high quality acquisitions

Dividend

As in previous years, the interim dividend for 2016 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. A 5.6p per share interim dividend will be paid on 14 November 2016 to shareholders on the register at close of business on 2 September 2016. For more details on future dividend payment schedules see page 14 of this interim management report.

Commenting on the results, John Phizackerley, Chief Executive of Tullett Prebon plc, said:

“I am pleased with the financial performance in the first half of 2016. A resilient performance from the broking business in challenging markets saw the subdued client demand in some of our heritage product areas more than offset by the performance of our Energy and Commodities, and Equities products. Revenue of £430m was 4% higher than in 2015 with underlying operating profit increasing by 11% to £67m.

Our goal is to become the world’s most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking. Our acquisition of IGBB, which provides a unique opportunity to accelerate the delivery of our strategy, is on track. We are in advanced planning for the integration of the two businesses after completion of the transaction, which we expect will be during the latter part of 2016.

At the same time we continue to look for opportunities to increase revenues and raise the quality and quantity of earnings. This will be achieved through further diversification of the client base, continued expansion into Energy and Commodities, building scale in the Americas and Asia Pacific, and preserving the business’ core franchises.”

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

Overview

Our strategic review, the results of which were communicated to the market in June last year, concluded that the central role played by interdealer brokers at the heart of the global wholesale OTC markets remains secure, and that the majority of OTC product markets, which are not characterised by continuous trading, depend upon the intervention and support of voice brokers for their liquidity and effective operation.

We are wholly committed to the hybrid voice broking model, and to developing the technology and services that support it. This is where the business is positioned, and we aim to be the best operator and best provider of liquidity and trusted partner to our clients.

The review also concluded that revenue declines were likely to continue in a number of traditional interdealer broker products. The review concluded that the Energy and Commodities markets do not currently face all the same pressures. Market conditions in 2015 and the first half of 2016 were consistent with these conclusions. Activity in many of the traditional interdealer broker products remained subdued. In contrast, activity in the Energy and Commodities markets, particularly in oil and oil related financial products, was buoyant reflecting the significant changes and volatility in oil prices throughout the period.

We have continued to actively manage the direct cost base to reflect market conditions. In the light of the reductions in market volumes in the traditional interdealer broker product areas, cost improvement action was taken towards the end of 2015 to reduce headcount and other fixed costs in the products and geographies most affected by the reduction in market volumes and revenue. The benefit of these actions has been seen in the improvements achieved in some of our key expense ratios and the operating margin.

The Information Sales and RMS businesses have also performed strongly with significant increases in revenues and contribution to operating profits. The Information Sales business has benefited from the continued expansion of its client base and geographical presence, the enhancement of its sales capability and the extension of the data content it provides to customers.

Revenue of £430m in H1 2016 was 4% higher than in H1 2015 with underlying operating profit increasing by 11% to £67m. The underlying operating profit margin for the six months to 30 June 2016 of 15.6% is 1% point better than in 2015 reflecting the improvements being made in the business.

Strategy and Business development

The Company's goal is to become the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking. The Company plans to grow revenue and raise the quality and quantity of earnings through further diversification of the client base, continued expansion into Energy and Commodities, and building scale in the Americas and Asia Pacific, whilst preserving the business's core franchises.

Progress against our strategic initiatives

One of the outputs of the strategic review was the launch of ten key initiatives, the “10 Arrows”, each of which has a number of projects and work-streams which are designed to optimise the existing business and to pursue opportunities to add new high quality revenue and earnings to the group.

The first four arrows are focused on building revenue in the most attractive areas of our markets by: strategically adding brokers; building out our Energy and Commodities business; winning new all-to-all client business; and further building out our Information Sales business. The remaining arrows are focused on improving the functions in the business that support the revenue generating divisions by: investing strategically in IT; adopting a focused and disciplined customer relationship management approach; developing our acquisition and partnership capabilities; creating a robust investment framework; developing our HR function; and marketing and developing our brand.

During the first half of this year work has continued on the various business optimisation projects and work-streams that flow from the 10 Arrows and we are making good progress. It is our intention the 10 Arrows will continue to be implemented, on a larger platform, after the completion of the acquisition of IGBB.

Acquisition of IGBB

The Company announced in November 2015 that it had agreed terms with ICAP for the acquisition by Tullett Prebon of IGBB. The transaction will position the group as the leading inter-institutional liquidity provider in OTC products and as a nexus of product knowledge, broking experience and client relationships, and provides a unique opportunity to accelerate the delivery of the Company’s strategy.

Since then the Company has worked with the relevant regulatory authorities to secure approval for the transaction. In June, following completion of its Phase 1 review, the Competition and Markets Authority (“CMA”) did not find competition concerns in 19 of the 20 product categories it considered. The CMA raised concerns around the broking of oil products (in EMEA) and as a result the Company and ICAP have undertaken to divest IGBB’s London-based oil desk within a specified timeframe. The Company remains confident that clearance from the CMA will be obtained. Clearance has been obtained from competition authorities in the United States, Singapore and Australia, and the acquisition of IGBB remains on track to close in 2016.

The costs of completing the acquisition of IGBB are discussed below but amount to almost £13m (including transaction financing costs) in the six months ended 30 June 2016. Overall it is expected that the total costs associated with the transaction to be incurred in the full year, will comprise approximately £19m of transaction costs, £7m of transaction financing costs, and £11m of integration expenses.

While the Company waits for regulatory approval a significant amount of time and resource has been devoted to integration planning for the combination of the two businesses. Individual work-streams have been established across all functional disciplines and geographies to undertake ‘Day 1 integration planning’ and synergy analysis prior to closing the transaction. Teams have been assigned specific value driver initiatives and are

developing detailed measurable integration plans with budget accountability. Upon closing the integration work-stream teams will immediately begin implementing the approved plans to create the target operating model of the enlarged organisation. We have developed a well-defined, disciplined and transparent approach to driving value and tracking synergies which will both minimise the time required and maximise the value to be realised. As a result the Company remains confident in its guidance on management and support cost synergies of at least £60m post completion.

Beyond the efforts being made with the IGBB acquisition, we have made progress in a number of other areas.

Creditex

In July, we signed an agreement to acquire Creditex's US voice brokerage business from Intercontinental Exchange, a team of 14 brokers that provide voice and hybrid voice broking and trading services for credit derivatives, with approximately \$11m (£8m) of annual revenues. This acquisition, which is subject to FINRA approval, demonstrates our ability to leverage our scale and capability in a challenging regulatory climate to pursue our strategic initiatives.

IT

Later today we will be announcing a strategic IT development that will represent a critical step forward in the provision of this function for our business and will be a key part of our synergy realisation from the IGBB integration.

Impact of the UK's proposed exit from the European Union ("Brexit")

The outcome of the UK's referendum on EU membership was a momentous political event. It has already led to a change in leadership of the Government and gave rise to exceptional volatility in the financial markets. Although it is too early to speculate on the long term impact of Brexit, the Company has in the immediate aftermath seen little adverse impact and in fact the increase in volatility has resulted in higher levels of activity recently. The Company is well positioned to support its clients during this period and we are grateful that they have continued to place their confidence in us as a trusted partner.

From an FX perspective a fall in the value of Sterling will result in a positive impact on reported revenue. In the six months to 30 June 2016 over 80% of revenue is in non-sterling currencies of which over 60% is in USD and over 10% is in EUR.

The risks of Brexit have been well publicised in the media and we believe that the global and diversified nature of our operations positions us well.

The UK and the EU are now entering uncharted waters. Once a formal negotiation procedure has been triggered, there is considerable uncertainty about the outcome that will be achieved. We are following political events very closely, but any decisions that we have to make will be based on facts and not speculation. We have a global business with a wide European footprint, so we will always be where our clients need us to be.

MiFID II

MiFID II fully comes into effect on 3 January 2018. We are planning for changes to our business and operations to ensure that we will be able to meet the regulatory deadlines. Among other things, we expect that this will involve reconfiguration of part of our business to make use of the new trading venue, the Organised Trading Facility, which will attract much of the multilateral trading currently taking place in Europe's OTC markets. This presents us with technical and operational challenges, which we will meet, but also an opportunity to become a leader in voice and hybrid broking in regulated trading venues, while streamlining our electronic platforms. For our clients, our investment in technology and operations, in particular, will lead to greater transparency and new ways of accessing liquidity in a MiFID II-compliant environment.

The uncertainty surrounding Brexit has raised questions about the implementation of MiFID II, but so far the message from regulators has been to carry on. The implementation of MiFID II has to take place at least a year before any expected Brexit event, and in most planning scenarios the UK will maintain alignment with MiFID II at least for the foreseeable future.

Regulatory matters

The Company is currently under investigation by the FCA in relation to certain trades undertaken between 2008 and 2011, including trades which are risk free, with no commercial rationale or economic purpose, on which brokerage was 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) the Company's systems and controls were adequate to manage the risks associated with such trades and (ii) whether certain of the Company'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 to discover certain audio files and produce them to the FCA in a timely manner. As the investigation is ongoing, any potential liability arising from it cannot currently be quantified.

Financial Performance

Our key financial and performance indicators for the first half of 2016 are summarised in the table below together with comparatives from the equivalent period in 2015.

	H1 2016	H1 2015**	Change
Broking Revenue	£398.5m	£388.5m	-0%*
Information Sales/RMS Revenue	£31.8m	£27.2m	+15%*
Total Revenue	£430.3m	£415.7m	+1%*
Underlying Operating profit	£67.0m	£60.6m	+11%
Underlying Operating margin	15.6%	14.6%	+1.0% pt
Average broker headcount	1,713	1,730	-1%
Average revenue per broker (£'000)	233	231*	+0%*
Broker compensation costs: broking revenue	53.2%	54.5%	-1.3% pts
Period end broker headcount	1,707	1,739	-2%
Period end broking support headcount	815	817	-0%

*At constant exchange rates

**H1 2015 comparative data that relates to headcount and headcount derived metrics has been restated to ensure consistency with the current period.

Average broker headcount during the first half of 2016 was 1% lower than during the first half of 2015, with a 1% increase in average revenue per broker, resulting in broking revenue being flat year on year (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 2016 compared with the equivalent period in 2015.

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 comparative data in the tables below therefore show revenue for H1 2015 translated at the same exchange rates as those used for H1 2016, with growth rates calculated on the same basis. The revenue figures as reported for H1 2015 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 2016 £m	H1 2015 £m	Change
Energy and Commodities	117.6	104.9	+12%
Interest Rate Derivatives	70.2	77.8	-10%
Fixed Income	88.8	96.7	-8%
Treasury Products	94.3	98.6	-4%
Equities	27.6	22.3	+24%
Information Sales and RMS	31.8	27.6	+15%
At constant exchange rates	430.3	427.9	+1%
Exchange translation		(12.2)	
Reported	430.3	415.7	+4%

Revenue in the first half of 2016 was 1% higher than in the equivalent period in 2015 at constant exchange rates. The growth in Energy and Commodities, Equities and in Information Sales and RMS, has been partly offset by lower volumes from subdued activity in the traditional interdealer broker product groups of Treasury Products (FX and cash), Interest Rate Derivatives and Fixed Income. Energy and Commodities continues to be the business's largest product group by revenue.

Revenue from Energy and Commodities was 12% higher than in H1 2015, reflecting the benefit from the acquisition of MOAB and higher levels of activity in the oil markets generally, and the development of our activities in this sector in all three regions.

Equities revenue was 24% higher than in H1 2015. Our Equities businesses, which are primarily focused on equity derivatives, continue to perform well in all three regions where we have benefited from the higher levels of volatility in equity markets compared with the same period last year, and from the investments we have made in broadening our product coverage, including alternative investments and real estate instruments.

Revenue from Information Sales and RMS was 15% higher than last year's comparative period. The Information Sales business has benefited from the growing client demand for independent data for use in risk management, compliance and valuation, and has increased

revenue by adding new data content sets and through broadening its customer base, notably in the energy sector. The continuing investment in sales and marketing in the RMS business has enabled the business to benefit from increased activity in Asia and the anticipation of upward momentum in US short rates which has driven participation in our USD product.

£m	Revenue				Underlying Operating profit			
	H1 2016	H1 2015	Change		H1 2016	H1 2015	Change	
			Reported	Constant			Reported	Constant
Europe and the Middle East	234.2	241.9	-3%	-5%	47.5	46.3	+3%	+4%
Americas	134.1	117.9	+14%	+8%	10.8	7.1	+52%	+21%
Asia Pacific	62.0	55.9	+11%	+6%	8.7	7.2	+21%	+6%
Reported	430.3	415.7	+4%	+1%	67.0	60.6	+11%	+7%

Underlying Operating margin by region

	H1 2016	H1 2015
Europe and the Middle East	20.3%	19.1%
Americas	8.1%	6.0%
Asia Pacific	14.0%	12.9%
	15.6%	14.6%

Europe and the Middle East

Revenue in Europe and the Middle East was 3% lower than the comparative period as reported and 5% lower at constant exchange rates. The broking revenue in the region was 4% lower than last year as reported (6% lower at constant exchange rates), partly offset by growth in revenue from Information Sales and RMS.

The broking business in the region continues to face difficult market conditions in many of the traditional major product areas. Revenue from government and corporate bonds, and from cash and interest rate derivatives were all lower than last year.

Revenue from Equities was higher benefiting from volatility in equity markets. Revenue from Energy and Commodities was slightly up on the prior period with higher revenues from oil and other commodities offset by lower revenue in gas products. Energy and Commodities continues to be the largest product group by revenue in the region, and accounts for over one third of the region's total revenue.

Average broker headcount in the region was 3% lower than last year with average revenue per broker also down 3%. Period end broker headcount was 790.

The operating performance in Europe and the Middle East showed improvements. Despite a 3% decline in revenue, operating profit increased by 3% (4% higher at constant exchange rates) as the operating margin improved to 20.3%. While trading volumes were down, as commented above, broker compensation was lower as a result of the cost improvement programme that commenced at the end of 2015, leading to an increased contribution on revenues from the traditional products. The improved contribution margin together with foreign exchange movements drove the 1.2% points increase in operating margin.

Americas

Revenue in the Americas was 14% higher than the comparative period as reported and 8% higher at constant exchange rates. The region has benefited significantly from the recent investments in Energy and Commodities, particularly the acquisition of MOAB in 2015, and Energy and Commodities activities now make up 19% of the total revenue in the region.

The investments made in the Equities business over the last two years have resulted in continued revenue growth in that area in the period and more than offset declines in product areas impacted by lower levels of market activity where the business is particularly dependent on serving the traditional interdealer broker client base, most notably corporate bonds Fixed Income as well as revenue from Treasury Products (other than Forward FX).

Average broker headcount in the Americas was 3% lower than in 2015, with average revenue per broker 12% higher. Period end broker headcount in the Americas was 531.

In the Americas broker compensation was reduced following the cost improvement programme leading to improved contribution. The MOAB business performed ahead of expectation and this performance combined with the improved contribution margin in the US business and favourable foreign exchange movements drove the 52% increase in operating profit (21% higher at constant exchange rates) and the 2.1% points improvement in operating margin.

Asia Pacific

Revenue in Asia Pacific was 11% higher than last year as reported and 6% higher at constant exchange rates, reflecting the benefit of investments made in the region and increased revenue from the RMS businesses operated from the region.

The broking revenue in the region has benefited from the investment made in our Fixed Income broking capability, most notably the hiring of a Hong Kong-based Credit and Bond desk, which more than offset the negative impact of the continuing trend towards risk aversion in our core customer base of banks, and the impact of a low interest rate and flat yield curve environment in many key markets. We continued to develop our Energy and Commodities broking activities which now account for more than one sixth of the region's total broking revenue.

Specific headwinds that faced the Asian business included the reduction in activity in offshore Chinese markets. However, while this had a direct negative impact on certain desks, we benefited from some indirect effects such as volatility in other Asian currencies. The impact on revenue was partially offset by the benefit of improved market conditions in Japanese Yen forward currency products in the first half. Revenue from Interest Rate Derivatives was lower than last year but there was a pick-up in Equity derivatives revenue reflecting the benefit of restructuring of our business in the region.

Average broker headcount in the region was 7% higher than in 2015 with average revenue per broker down 3%. Period end broker headcount in Asia Pacific was 387. Operating performance showed a 21% improvement in operating profit (6% higher at constant exchange rates) and the 1.1% points increase in operating margin.

The performance of our Chinese associate, TP Sitico, is also a key part of our Asian business and its increasingly positive results are included within the share of results of associates in the Income Statement.

Financial Review

The results for the first half of 2016 compared with those for the first half of 2015 are shown in the tables below.

H1 2016

Income Statement £m	Underlying	Exceptional and acquisition related items	Reported
Revenue	430.3		430.3
Operating profit	67.0		67.0
Charge relating to cost improvement programme		(5.2)	(5.2)
Acquisition costs related to IGBB		(9.5)	(9.5)
Acquisition related share-based payment charge		(5.5)	(5.5)
Amortisation of intangible assets arising on consolidation		(0.6)	(0.6)
Other acquisition and disposal items		(0.8)	(0.8)
Operating profit	67.0	(21.6)	45.4
Net finance expense	(6.7)	(3.2)	(9.9)
Profit before tax	60.3	(24.8)	35.5
Tax	(10.8)	2.9	(7.9)
Share of results of associates	1.7		1.7
Minority interests	(0.3)		(0.3)
Earnings	50.9	(21.9)	29.0
Average number of shares	242.7m		242.7m
Basic EPS	21.0p		11.9p

H1 2015

Income Statement £m	Underlying	Exceptional and acquisition related items	Reported
Revenue	415.7		415.7
Operating profit	60.6		60.6
Credit relating to major legal actions		64.4	64.4
Acquisition related share-based payment charge		(5.2)	(5.2)
Amortisation of intangible assets arising on consolidation		(0.7)	(0.7)
Other acquisition and disposal items		(0.3)	(0.3)
Operating profit	60.6	58.2	118.8
Net finance expense	(7.7)		(7.7)
Profit before tax	52.9	58.2	111.1
Tax	(10.8)	(12.9)	(23.7)
Share of results of associates	1.2		1.2
Minority interests	(0.3)		(0.3)
Earnings	43.0	45.3	88.3
Average number of shares	243.6m		243.6m
Basic EPS	17.7p		36.2p

Exceptional and acquisition related items

The £5.2m charge in H1 2016 relating to the cost improvement programme is in respect of actions taken during the period that had been planned but not finalised during 2015. We do not expect to incur any further costs as part of this programme.

The £9.5m charge in H1 2016, relating to acquisition costs of IGBB, reflects legal and professional costs incurred in relation to the agreement to acquire ICAP's global hybrid voice broking and information business.

The Company completed the acquisition of PVM on 26 November 2014. The payment to each individual vendor of their share of up to \$48m of deferred compensation (which is 'consideration' subject to the achievement of revenue targets in the three years after completion) is linked to their continued service with the business, and is therefore charged through the income statement over the three year period. The charge recognised in H1 2016 is £5.5m (H1 2015: £5.2m).

Intangible assets other than goodwill of £9.5m arising on the acquisition of PVM relate to the PVM brand and the value of customer relationships. This amount is being amortised through the income statement over the estimated useful lives of those assets. The amortisation charge recognised in H1 2016 is £0.6m (H1 2015: £0.7m).

The other acquisition and disposal item in the period is an adjustment to the deferred consideration for PVM and MOAB.

Net finance expense

The underlying net cash finance charge comprises the £7.0m interest payable on the Sterling Notes, the commitment fees for the revolving credit facility ("RCF") of £1.2m, £0.8m of amortisation of debt issue and arrangement costs, partly offset by other net interest income of £0.9m.

The underlying net non-cash finance income comprises the deemed interest on the pension scheme net asset of £1.6m, partly offset by the unwinding of discounted provisions of £0.2m.

The acquisition related finance expense comprises: £3.1m of commitment fees and amortisation of arrangement costs relating to the £470m bank bridge facility that the Company entered into in November 2015, and £0.1m relating to the unwinding of the discount on deferred consideration relating to the acquisition of PVM.

Tax

The effective rate of tax on underlying PBT is 18.0% (H1 2015: 20.5%). The effective rate of tax reflects the estimated effective rate for the full year. The reduction in the effective rate reflects the benefit of increased taxable profits in the USA being sheltered by previously unrecognised tax losses, a change in mix of taxable profits in the period from lower tax jurisdictions and the reduction in the UK statutory rate of corporation tax to 20.0% for 2016, 0.25% points lower than for 2015.

The tax charge on exceptional and acquisition related items reflects the net of tax charges and tax relief recognised on those items at the relevant rate for the jurisdiction in which the charges are borne. No tax relief has been recognised on the exceptional charges and credits arising in the USA in either 2016 or 2015 due to the tax losses available in that jurisdiction.

Basic EPS

The average number of shares used for the basic EPS calculation of 242.7m reflects the 243.5m shares in issue at the beginning of the year, less a pro rata element of the 1.7m shares that were market purchased in March 2016 for the special and deferred equity awards awarded to senior management plus the 0.3m shares that are issuable when vested options are exercised, less the 0.2m shares held throughout the year by the Employee Benefit Trust which has waived its rights to dividends.

Dividend

In previous years the Company's interim dividend has been set at a level equal to 50% of the final dividend for the preceding financial year; this approach is expected to continue for 2016 subject to the mechanism described below.

The acquisition of IGBB is expected to complete towards the end of 2016 and, therefore, the results for the full year are expected to include a contribution from IGBB for a short period. The Board wishes to ensure that the dividends paid to shareholders recognise their period of ownership of the Company and in this regard notes that the ICAP shareholders will be receiving new Tullett Prebon shares issued at the time of completion.

The Board has declared a first interim dividend of 5.6p to be paid on 14 November to the shareholders on the register at close of business on 2 September.

The Board announces its intention to declare a second interim dividend as soon as the date of completion can be determined with reasonable certainty. The second interim dividend will be paid on the earlier of 17 days after completion and 12 May 2017 (being the anticipated date for payment of the final dividend in respect of the current financial year), with a record date being at the close of business on the earlier of the last eligible business day preceding completion, and 28 April 2017 (being the anticipated record date for this year's final dividend). The amount of the second interim dividend will be based on the expected annual dividend for the current financial year of 16.85p but apportioned so as to reflect the proportion of the financial year that has elapsed prior to completion, less the amount of the first interim dividend.

The Board expects that the final dividend for the year will be 16.85p less the amounts of the first and second interim dividends, and will be paid on 12 May 2017.

Exchange rates

The income statements and balance sheets of the Group's businesses whose functional currency is not GBP are translated into sterling at average and period end exchange rates respectively. The most significant exchange rates for the group are the US dollar, 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 2016	H1 2015	H2 2015	30 Jun 2016	31 Dec 2015	30 Jun 2015
US dollar	\$1.44	\$1.53	\$1.54	\$1.34	\$1.47	\$1.57
Euro	€1.30	€1.36	€1.40	€1.20	€1.36	€1.41
Singapore dollar	S\$2.00	S\$2.06	S\$2.14	S\$1.80	S\$2.09	S\$2.12
Japanese Yen	¥164	¥183	¥188	¥137	¥177	¥192

Cash flow

	H1 2016 £m	H1 2015 £m
Underlying Operating profit	67.0	60.6
Share-based compensation and other non-cash items	2.9	0.3
Depreciation and amortisation	7.8	7.4
EBITDA	77.7	68.3
Capital expenditure (net of disposals)	(5.1)	(6.3)
Decrease/(increase) in initial contract prepayment	0.6	(2.2)
Other working capital	(28.8)	(13.7)
Operating cash flow	44.4	46.1
Exceptional items – cost improvement programme 2015	(17.0)	-
Exceptional items – cost improvement programme 2014	(0.6)	(3.8)
Exceptional items – restructuring 2011/2012	(0.2)	(0.2)
Exceptional items – major legal actions net cash flow	-	64.4
Acquisition costs related to IGBB	(9.5)	-
Share award purchases	(6.2)	-
Interest	(1.9)	(2.1)
Taxation	(10.7)	(4.6)
Dividends received from associates/(paid) to minorities	1.9	-
Acquisition consideration/investments (net of disposals)	-	(0.5)
Cash flow	0.2	99.3

Capital expenditure of £5.1m includes the development of electronic platforms and ‘straight through processing’ technology, and investment in IT and communications infrastructure.

Initial contract payments in 2016 were broadly in line with the amortisation charge.

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

During the first half of 2016 the group made £17.0m of cash payments relating to actions taken under the 2015 cost improvement programme, £0.6m relating to the 2014 cost improvement programme, and £0.2m relating to the 2011/12 restructuring programme.

The £9.5m of costs relating to the acquisition of IGBB are in line with the charge in the income statement.

The Company incurred £6.2m of costs relating to the purchase of its own shares to satisfy deferred equity awards made to senior management in the period.

Tax payments in the period of £10.7m include £8.7m paid in the UK, an increase compared with the prior year largely due to the phasing of payments relating to the BGC receipt in 2015. Tax payments in the United States continue to be at low levels reflecting the use of tax losses.

The movement in cash and debt is summarised below.

£m	Cash	Debt	Net
At 31 December 2015	379.2	(220.2)	159.0
Cash flow	0.2	-	0.2
Dividends	(27.2)	-	(27.2)
Bank facility fees	(2.9)	-	(2.9)
Amortisation of debt issue costs	-	(0.3)	(0.3)
Effect of movement in exchange rates	20.7	-	20.7
At 30 June 2016	<u>370.0</u>	<u>(220.5)</u>	<u>149.5</u>

Debt Finance

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

£m	At 30 Jun 2016	At 31 Dec 2015	At 30 Jun 2015
7.04% Sterling Notes July 2016	141.1	141.1	141.1
5.25% Sterling Notes June 2019	80.0	80.0	80.0
Unamortised debt issue costs	(0.6)	(0.9)	(1.1)
	<u>220.5</u>	<u>220.2</u>	<u>220.0</u>

The Company drew down £140m of its £250m committed RCF in July to repay the £141.1m Sterling Notes on their maturity. This drawing will be repaid when the acquisition of IGBB completes, at which time the Company will draw down the committed £470m bank bridge facility which it entered into in November 2015. The bank bridge facility will also be used to repay the £330m debt that will be acquired with IGBB.

The £250m revolving credit facility matures in April 2019 and the bank bridge facility has a final maturity in December 2017.

Outlook

We achieved a good overall financial performance in the first half of 2016 against the backdrop of a trading environment that continues to be challenging and subdued client demand. Our strategic review concluded that the central role played by interdealer brokers at the heart of the global wholesale OTC markets remains secure, but a number of our traditional product areas continue to show declines.

It is not possible to predict when the structural and cyclical factors currently adversely affecting the interdealer broker industry will ease, or when the level of activity in the wholesale OTC financial markets may increase. Our recent performance has benefited from the investment we have made in the Energy and Commodities sectors where we serve a more diverse and larger client base and where markets, particularly in oil and oil related financial instruments, have remained buoyant but this level of activity may not persist.

We will continue to invest in the business' capabilities to identify and implement business initiatives and roll out our cultural, legal, compliance and risk governance frameworks to deliver on our commitment to instil the highest standards of conduct. These investments coupled with increasing regulatory costs continue to bring pressure on our margins. However, we believe they make us a more robust and attractive service provider for our clients.

We will look to invest in opportunities to grow our revenue and raise the quality and quantity of our earnings through diversification of the client base. We continue to pursue our goal to become the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking. The agreement for the acquisition of IGBB provides a unique opportunity to accelerate the delivery of our strategy, and we are in the process of planning the integration of the two businesses to be implemented after completion of the transaction which we expect will be later this year.

Condensed Consolidated Income Statement

for the six months ended 30 June 2016

Six months ended 30 June 2016 (unaudited)	Notes	Underlying £m	Exceptional and acquisition related items £m	Total £m
Revenue	5	430.3	-	430.3
Administrative expenses		(365.4)	(21.6)	(387.0)
Other operating income	7	2.1	-	2.1
Operating profit	5,6	67.0	(21.6)	45.4
Finance income	8	2.7	-	2.7
Finance costs	9	(9.4)	(3.2)	(12.6)
Profit before tax		60.3	(24.8)	35.5
Taxation		(10.8)	2.9	(7.9)
Profit of consolidated companies		49.5	(21.9)	27.6
Share of results of associates		1.7	-	1.7
Profit for the period		51.2	(21.9)	29.3

Attributable to:

Equity holders of the parent		50.9	(21.9)	29.0
Minority interests		0.3	-	0.3
		51.2	(21.9)	29.3

Earnings per share

- Basic	10	21.0p		11.9p
- Diluted	10	20.1p		11.5p

Six months ended 30 June 2015 (unaudited)	Notes	Underlying £m	Exceptional and acquisition related items £m	Total £m
Revenue	5	415.7	-	415.7
Administrative expenses		(358.2)	(8.9)	(367.1)
Other operating income	7	3.1	67.1	70.2
Operating profit	5,6	60.6	58.2	118.8
Finance income	8	1.9	-	1.9
Finance costs	9	(9.6)	-	(9.6)
Profit before tax		52.9	58.2	111.1
Taxation		(10.8)	(12.9)	(23.7)
Profit of consolidated companies		42.1	45.3	87.4
Share of results of associates		1.2	-	1.2
Profit for the period		43.3	45.3	88.6

Attributable to:

Equity holders of the parent		43.0	45.3	88.3
Minority interests		0.3	-	0.3
		43.3	45.3	88.6

Earnings per share

- Basic	10	17.7p		36.2p
- Diluted	10	17.4p		35.8p

Condensed Consolidated Income Statement

for the six months ended 30 June 2016

Year ended 31 December 2015		Underlying £m	Exceptional and acquisition related items £m	Total £m
	Notes			
Revenue	5	796.0	-	796.0
Administrative expenses		(693.9)	(53.3)	(747.2)
Other operating income	7	5.8	67.3	73.1
Operating profit	5,6	107.9	14.0	121.9
Finance income	8	4.1	-	4.1
Finance costs	9	(18.3)	(2.0)	(20.3)
Profit before tax		93.7	12.0	105.7
Taxation		(17.5)	(7.5)	(25.0)
Profit of consolidated companies		76.2	4.5	80.7
Share of results of associates		2.6	-	2.6
Profit for the year		78.8	4.5	83.3
Attributable to:				
Equity holders of the parent		78.4	4.5	82.9
Minority interests		0.4	-	0.4
		78.8	4.5	83.3
Earnings per share				
- Basic	10	32.2p		34.0p
- Diluted	10	31.5p		33.3p

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2016

	Six months ended 30 June 2016 (unaudited) £m	Six months ended 30 June 2015 (unaudited) £m	Year ended 31 December 2015 £m
Profit for the period	29.3	88.6	83.3
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the defined benefit pension scheme	26.4	(6.0)	24.5
Taxation (charge)/credit relating to items not reclassified	(9.2)	2.1	(8.6)
	17.2	(3.9)	15.9
Items that may be reclassified subsequently to profit or loss:			
Revaluation of investments	0.8	0.4	0.1
Effect of changes in exchange rates on translation of foreign operations	34.3	(5.3)	8.8
Taxation charge relating to items that may be reclassified	(0.2)	(0.4)	(0.5)
	34.9	(5.3)	8.4
Other comprehensive income for the period	52.1	(9.2)	24.3
Total comprehensive income for the period	81.4	79.4	107.6
Attributable to:			
Equity holders of the parent	80.9	79.2	107.1
Minority interests	0.5	0.2	0.5
	81.4	79.4	107.6

Condensed Consolidated Balance Sheet

as at 30 June 2016

	30 June 2016 (unaudited) £m	30 June 2015 (unaudited) £m	31 December 2015 £m
Non-current assets			
Intangible assets arising on consolidation	372.1	334.3	357.4
Other intangible assets	22.0	19.7	22.1
Property, plant and equipment	26.7	28.3	27.4
Interest in associates	6.2	5.9	6.0
Investments	9.9	8.5	8.5
Deferred tax assets	3.6	2.2	2.4
Defined benefit pension scheme	115.8	56.9	88.2
	556.3	455.8	512.0
Current assets			
Trade and other receivables	12,919.0	10,161.3	2,639.2
Financial assets	17.7	16.6	20.3
Cash and cash equivalents	352.3	348.0	358.9
	13,289.0	10,525.9	3,018.4
Total assets	13,845.3	10,981.7	3,530.4
Current liabilities			
Trade and other payables	(12,927.6)	(10,161.9)	(2,666.7)
Interest bearing loans and borrowings	(141.1)	-	(140.9)
Current tax liabilities	(15.0)	(30.5)	(17.3)
Short term provisions	(9.6)	(3.6)	(21.3)
	(13,093.3)	(10,196.0)	(2,846.2)
Net current assets	195.7	329.9	172.2
Non-current liabilities			
Interest bearing loans and borrowings	(79.4)	(220.0)	(79.3)
Deferred tax liabilities	(43.1)	(22.0)	(33.2)
Long term provisions	(7.3)	(8.5)	(7.8)
Other long term payables	(24.6)	(14.6)	(22.2)
	(154.4)	(265.1)	(142.5)
Total liabilities	(13,247.7)	(10,461.1)	(2,988.7)
Net assets	597.6	520.6	541.7
Equity			
Share capital	60.9	60.9	60.9
Share premium account	17.1	17.1	17.1
Merger reserve	178.5	178.5	178.5
Other reserves	(1,136.6)	(1,178.6)	(1,165.1)
Retained earnings	1,475.6	1,441.0	1,448.6
Equity attributable to equity holders of the parent	595.5	518.9	540.0
Minority interests	2.1	1.7	1.7
Total equity	597.6	520.6	541.7

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2016

	Equity attributable to equity holders of the parent										Total equity £m
	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	Minority interests £m	
30 June 2016 (unaudited)											
Balance at 1 January 2016	60.9	17.1	178.5	(1,182.3)	1.4	15.9	(0.1)	1,448.6	540.0	1.7	541.7
Profit for the period	-	-	-	-	-	-	-	29.0	29.0	0.3	29.3
Other comprehensive income for the period	-	-	-	-	0.8	33.9	-	17.2	51.9	0.2	52.1
Total comprehensive income for the period	-	-	-	-	0.8	33.9	-	46.2	80.9	0.5	81.4
Purchase of own shares	-	-	-	-	-	-	(6.2)	-	(6.2)	-	(6.2)
Dividends paid	-	-	-	-	-	-	-	(27.2)	(27.2)	(0.1)	(27.3)
Credit arising on share-based payment awards	-	-	-	-	-	-	-	8.0	8.0	-	8.0
Balance at 30 June 2016	60.9	17.1	178.5	(1,182.3)	2.2	49.8	(6.3)	1,475.6	595.5	2.1	597.6
30 June 2015 (unaudited)											
Balance at 1 January 2015	60.9	17.1	178.5	(1,182.3)	1.4	7.6	(0.1)	1,378.8	461.9	1.6	463.5
Profit for the period	-	-	-	-	-	-	-	88.3	88.3	0.3	88.6
Other comprehensive income for the period	-	-	-	-	0.4	(5.6)	-	(3.9)	(9.1)	(0.1)	(9.2)
Total comprehensive income for the period	-	-	-	-	0.4	(5.6)	-	84.4	79.2	0.2	79.4
Dividends paid	-	-	-	-	-	-	-	(27.4)	(27.4)	(0.1)	(27.5)
Credit arising on share-based payment awards	-	-	-	-	-	-	-	5.2	5.2	-	5.2
Balance at 30 June 2015	60.9	17.1	178.5	(1,182.3)	1.8	2.0	(0.1)	1,441.0	518.9	1.7	520.6
31 December 2015											
Balance at 1 January 2015	60.9	17.1	178.5	(1,182.3)	1.4	7.6	(0.1)	1,378.8	461.9	1.6	463.5
Profit for the year	-	-	-	-	-	-	-	82.9	82.9	0.4	83.3
Other comprehensive income for the year	-	-	-	-	-	8.3	-	15.9	24.2	0.1	24.3
Total comprehensive income for the year	-	-	-	-	-	8.3	-	98.8	107.1	0.5	107.6
Dividends paid	-	-	-	-	-	-	-	(41.0)	(41.0)	(0.4)	(41.4)
Credit arising on share-based payment awards	-	-	-	-	-	-	-	12.0	12.0	-	12.0
Balance at 31 December 2015	60.9	17.1	178.5	(1,182.3)	1.4	15.9	(0.1)	1,448.6	540.0	1.7	541.7

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 (unaudited) £m	Six months ended 30 June 2015 (unaudited) £m	Year ended 31 December 2015 £m
Net cash from operating activities	12	7.3	105.2	144.0
Investing activities				
Sale/(purchase) of financial assets		5.7	(6.8)	(10.7)
Sale/(purchase) of investments		0.1	(0.4)	(0.4)
Interest received		1.1	0.8	1.8
Dividends from associates		2.0	0.1	1.5
Expenditure on intangible assets		(3.6)	(3.1)	(9.3)
Purchase of property, plant and equipment		(1.5)	(3.2)	(4.6)
Investment in subsidiaries		(0.1)	-	(11.6)
Cash acquired with acquisitions		-	-	1.7
Cash sold with subsidiaries		-	(0.3)	(0.3)
Net cash arising from investment activities		3.7	(12.9)	(31.9)
Financing activities				
Dividends paid	11	(27.2)	(27.4)	(41.0)
Dividends paid to minority interests		(0.1)	(0.1)	(0.4)
Purchase of own shares		(6.2)	-	-
Debt issue and bank facility arrangement costs		(1.7)	(1.7)	(4.3)
Net cash used in financing activities		(35.2)	(29.2)	(45.7)
Net (decrease)/increase in cash and cash equivalents		(24.2)	63.1	66.4
Cash and cash equivalents at the beginning of the period		358.9	287.1	287.1
Effect of foreign exchange rate changes		17.6	(2.2)	5.4
Cash and cash equivalents at the end of the period	13	352.3	348.0	358.9

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2016

1. General information

The condensed consolidated financial information for the six months ended 30 June 2016 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 2015 which were prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU.

The statutory Group Financial Statements for the year ended 31 December 2015 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 2016 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 2015, 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. 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 2015, except as described below.

The Group has adopted Amendments to IAS 1 'Presentation of financial statements' regarding disclosures, the Annual Improvements to IFRSs (2012–2014 Cycle), the Amendments to IAS 16 and IAS 38 regarding the clarification of acceptable methods of depreciation and amortisation, and the Amendments to IFRS 11 regarding the accounting for acquisition of interests in Joint Operations. The adoption of these amendments has had no impact on the Condensed Consolidated Financial Statements.

3. Related party transactions

Related party transactions are described in Note 36 to the 2015 statutory Group Financial Statements. There have been no material changes in the nature or value of related party transactions in the six months ended 30 June 2016.

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 three overarching risk categories: Operational Risk, Financial Risk, and Strategic and Business Risk. 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 21 to 24 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 2015. 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.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2016

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 Energy and Commodities, Interest Rate Derivatives, Fixed Income, Treasury Products, Equities, and Information Sales and Risk Management Services.

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

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m	Year ended 31 December 2015 £m
Revenue			
Europe and the Middle East	234.2	241.9	455.3
Americas	134.1	117.9	234.5
Asia Pacific	62.0	55.9	106.2
	<u>430.3</u>	<u>415.7</u>	<u>796.0</u>
Operating profit			
Europe and the Middle East	47.5	46.3	81.2
Americas	10.8	7.1	14.9
Asia Pacific	8.7	7.2	11.8
	<u>67.0</u>	<u>60.6</u>	<u>107.9</u>
Exceptional and acquisition related items (Note 6)	(21.6)	58.2	14.0
Reported operating profit	45.4	118.8	121.9
Finance income	2.7	1.9	4.1
Finance costs	(12.6)	(9.6)	(20.3)
Profit before tax	35.5	111.1	105.7
Taxation	(7.9)	(23.7)	(25.0)
Profit of consolidated companies	27.6	87.4	80.7
Share of results of associates	1.7	1.2	2.6
Profit for the period	<u>29.3</u>	<u>88.6</u>	<u>83.3</u>

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

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m	Year ended 31 December 2015 £m
Revenue by product group			
Energy and Commodities	117.6	101.2	204.3
Interest Rate Derivatives	70.2	76.2	135.3
Fixed Income	88.8	93.6	171.2
Treasury Products	94.3	96.0	185.0
Equities	27.6	21.5	46.3
Information Sales and Risk Management Services	31.8	27.2	53.9
	<u>430.3</u>	<u>415.7</u>	<u>796.0</u>

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2016

5. Segmental analysis (continued)

Other segmental information

	30 June 2016 £m	30 June 2015 £m	31 December 2015 £m
Segment assets			
Europe and the Middle East – UK	7,711.2	5,071.0	1,436.8
Europe and the Middle East – Other	99.2	40.1	26.7
Americas	5,937.3	5,793.2	1,987.9
Asia Pacific	97.6	77.4	79.0
	<u>13,845.3</u>	<u>10,981.7</u>	<u>3,530.4</u>
	30 June 2016 £m	30 June 2015 £m	31 December 2015 £m
Segment liabilities			
Europe and the Middle East – UK	7,305.3	4,693.3	1,059.2
Europe and the Middle East – Other	94.3	37.5	21.6
Americas	5,801.9	5,690.9	1,867.0
Asia Pacific	46.2	39.4	40.9
	<u>13,247.7</u>	<u>10,461.1</u>	<u>2,988.7</u>

Segmental assets and liabilities exclude all inter-segment balances.

6. Exceptional and acquisition related items

Exceptional and acquisition related items comprise:

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m	Year ended 31 December 2015 £m
Net credit relating to major legal actions	-	64.4	64.4
Charge relating to cost improvement programmes	(5.2)	-	(25.7)
	<u>(5.2)</u>	<u>64.4</u>	<u>38.7</u>
Acquisition costs relating to IGBB	(9.5)	-	(12.1)
Other acquisition costs	-	-	(0.5)
Acquisition related share-based payment charge	(5.5)	(5.2)	(10.5)
Amortisation of intangible assets arising on consolidation	(0.6)	(0.7)	(1.2)
Loss on disposal of subsidiary undertakings	-	(0.3)	(0.6)
Adjustments to acquisition consideration	(0.8)	-	0.2
	<u>(21.6)</u>	<u>58.2</u>	<u>14.0</u>
Finance costs (Note 9)	(3.2)	-	(2.0)
	<u>(24.8)</u>	<u>58.2</u>	<u>12.0</u>

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.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2016

8. Finance income

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m	Year ended 31 December 2015 £m
Interest receivable and similar income	1.1	0.8	1.8
Deemed interest arising on the defined benefit pension scheme surplus	1.6	1.1	2.3
	<u>2.7</u>	<u>1.9</u>	<u>4.1</u>

9. Finance costs

	Underlying £m	Acquisition related £m	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m
Interest and fees payable on bank facilities	1.2	1.4	2.6	0.8
Interest payable on Sterling Notes July 2016	4.9	-	4.9	4.9
Interest payable on Sterling Notes June 2019	2.1	-	2.1	2.1
Other interest payable	0.2	-	0.2	0.2
Amortisation of debt issue and bank facility costs	0.8	1.7	2.5	1.1
Total borrowing costs	<u>9.2</u>	<u>3.1</u>	<u>12.3</u>	<u>9.1</u>
Unwind of discounted liabilities and provisions	0.2	0.1	0.3	0.5
	<u>9.4</u>	<u>3.2</u>	<u>12.6</u>	<u>9.6</u>

	Underlying £m	Acquisition related £m	Year ended 31 December 2015 £m
Interest and fees payable on bank facilities	1.6	0.6	2.2
Interest payable on Sterling Notes July 2016	9.9	-	9.9
Interest payable on Sterling Notes June 2019	4.2	-	4.2
Other interest payable	0.4	-	0.4
Amortisation of debt issue and bank facility costs	1.8	1.1	2.9
Total borrowing costs	<u>17.9</u>	<u>1.7</u>	<u>19.6</u>
Unwind of discounted liabilities and provisions	0.4	0.3	0.7
	<u>18.3</u>	<u>2.0</u>	<u>20.3</u>

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2016

10. Earnings per share

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Basic – underlying	21.0p	17.7p	32.2p
Diluted – underlying	20.1p	17.4p	31.5p
Basic earnings per share	11.9p	36.2p	34.0p
Diluted earnings per share	11.5p	35.8p	33.3p

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

	Six months ended 30 June 2016 No. (m)	Six months ended 30 June 2015 No. (m)	Year ended 31 December 2015 No. (m)
Basic weighted average shares	242.7	243.6	243.6
Contingently issuable shares	9.4	3.3	5.1
Issuable on vesting of share-based deferred bonus plans	1.0	-	-
Diluted weighted average shares	253.1	246.9	248.7

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

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m	Year ended 31 December 2015 £m
Profit for the period	29.3	88.6	83.3
Minority interests	(0.3)	(0.3)	(0.4)
Earnings	29.0	88.3	82.9
Exceptional and acquisition related items (Note 6)	24.8	(58.2)	(12.0)
Tax on exceptional and acquisition related items	(2.9)	12.9	7.5
Underlying earnings	50.9	43.0	78.4

11. Dividends

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m	Year ended 31 December 2015 £m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2015 of 11.25p per share	27.2	-	-
Interim dividend for the year ended 31 December 2015 of 5.6p per share	-	-	13.6
Final dividend for the year ended 31 December 2014 of 11.25p per share	-	27.4	27.4
	27.2	27.4	41.0

The Board has recommended the payment of interim dividends to shareholders, the basis for which is set out on page 14.

As at 30 June 2016 the Tullett Prebon plc Employee Benefit Trust 2007 held 1,927,575 ordinary shares (2015: 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 2016

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

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
	£m	£m	£m
Operating profit	45.4	118.8	121.9
Adjustments for:			
- Share-based compensation expense	2.5	-	1.5
- Pension scheme's administration costs	0.4	0.3	0.7
- Depreciation of property, plant and equipment	3.9	3.8	7.7
- Amortisation of intangible assets	3.9	3.6	7.3
- Acquisition related share-based payment charge	5.5	5.2	10.5
- Amortisation of intangible assets arising on consolidation	0.6	0.7	1.2
- Loss on disposal of property, plant and equipment	-	-	0.2
- Loss on derecognition of intangible assets	-	-	0.1
- Loss on disposal of subsidiary undertaking	-	0.2	0.2
- Remeasurement of deferred consideration	0.8	-	0.4
(Decrease)/increase in provisions for liabilities and charges	(14.1)	(4.3)	11.5
Decrease in non-current liabilities	(0.2)	(0.5)	(0.8)
Operating cash flows before movement in working capital	48.7	127.8	162.4
(Increase)/decrease in trade and other receivables	(8.9)	(10.8)	0.1
(Increase)/decrease in net settlement balances	(4.1)	(0.4)	1.3
(Decrease)/increase in trade and other payables	(13.6)	(3.9)	16.5
Cash generated from operations	22.1	112.7	180.3
Income taxes paid	(10.7)	(4.6)	(19.5)
Interest paid	(4.1)	(2.9)	(16.8)
Net cash from operating activities	7.3	105.2	144.0

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2016

13. Analysis of net funds

	1 January 2016 £m	Cash flow £m	Non-cash items £m	Exchange differences £m	30 June 2016 £m
Cash	296.7	(18.7)	-	14.3	292.3
Cash equivalents	60.2	(5.5)	-	3.3	58.0
Client settlement money	2.0	-	-	-	2.0
Cash and cash equivalents	358.9	(24.2)	-	17.6	352.3
Financial assets	20.3	(5.7)	-	3.1	17.7
Total funds	379.2	(29.9)	-	20.7	370.0
Notes due within one year	(140.9)	-	(0.2)	-	(141.1)
Notes due after one year	(79.3)	-	(0.1)	-	(79.4)
	(220.2)	-	(0.3)	-	(220.5)
Total net funds	159.0	(29.9)	(0.3)	20.7	149.5

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. Regulatory matters

The Company is currently under investigation by the FCA in relation to certain trades undertaken between 2008 and 2011, including trades which are risk free, with 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) the Company's systems and controls were adequate to manage the risks associated with such trades and (ii) whether certain of the Company'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 to discover certain audio files and produce them to the FCA in a timely manner. As the investigation is ongoing, any potential liability arising from it cannot currently be quantified.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2016

15. Allocation of other comprehensive income within Equity

	Equity attributable to equity holders of the parent				Total	Minority interests	Total equity
	Re-valuation reserve	Hedging and translation	Own shares	Retained earnings			
	£m	£m	£m	£m	£m	£m	£m
Six months ended 30 June 2016							
(unaudited)							
Revaluation of investments	0.8	-	-	-	0.8	-	0.8
Effect of changes in exchange rates on translation of foreign operations	-	34.1	-	-	34.1	0.2	34.3
Remeasurement of the defined benefit pension scheme	-	-	-	26.4	26.4	-	26.4
Taxation charge on components of other comprehensive income	-	(0.2)	-	(9.2)	(9.4)	-	(9.4)
Other comprehensive income for the period	0.8	33.9	-	17.2	51.9	0.2	52.1

Six months ended 30 June 2015

(unaudited)

Revaluation of investments	0.4	-	-	-	0.4	-	0.4
Effect of changes in exchange rates on translation of foreign operations	-	(5.2)	-	-	(5.2)	(0.1)	(5.3)
Remeasurement of the defined benefit pension scheme	-	-	-	(6.0)	(6.0)	-	(6.0)
Taxation (charge)/credit on components of other comprehensive income	-	(0.4)	-	2.1	1.7	-	1.7
Other comprehensive income for the period	0.4	(5.6)	-	(3.9)	(9.1)	(0.1)	(9.2)

Year ended 31 December 2015

Revaluation of investments	0.1	-	-	-	0.1	-	0.1
Effect of changes in exchange rates on translation of foreign operations	-	8.7	-	-	8.7	0.1	8.8
Remeasurement of the defined benefit pension scheme	-	-	-	24.5	24.5	-	24.5
Taxation charge on components of other comprehensive income	(0.1)	(0.4)	-	(8.6)	(9.1)	-	(9.1)
Other comprehensive income for the year	-	8.3	-	15.9	24.2	0.1	24.3

16. Events after the balance sheet date

In July 2016, the Group announced the acquisition of Creditex's US hybrid voice brokerage business. Under the agreement, deferred contingent consideration is payable through to the third anniversary of completion. The amount of deferred contingent consideration is dependent upon the performance of the business over the three year period and has an initial fair value estimated to be US\$3.5m (£2.7m). The initial fair value of the net assets acquired is negligible which would result in the recognition of US\$3.5m (£2.7m) of intangible assets arising on consolidation.

Directors' Responsibility Statement

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

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

By order of the Board

Andrew Baddeley
Chief Financial Officer

2 August 2016

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 2016 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 16. 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 2016 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

2 August 2016