

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Group for the year ended 31 March 2009.

Activities, business review, future developments and risk management

A review of business activities, future developments and a description of the principal risks and uncertainties facing the Company, including risk management and financial risk management, is given in the following sections of the annual report: ICAP in ten on pages 1 to 13, key performance indicators on page 27, the business review on pages 16 to 39 and note 23 to the financial statements which contains information on risk management and financial risk management. All these sections are incorporated into the directors' report by reference.

Related party transactions

Details of related party transactions are set out in note 31 to the financial statements.

Post balance sheet events

Details of post balance sheet events are set out in the business review on page 39 and in note 34 to the financial statements.

Results and dividends

The results of the Group for the year are set out in the consolidated income statement on page 60. The directors recommend a final dividend of 12.35p per share which, together with the interim dividend of 4.7p per share already declared, makes a total for the year ended 31 March 2009 of 17.05p per share (2008 – 15.65p). Details of the interim dividend payment are set out in note 11 to the financial statements. Subject to approval at the annual general meeting, the final dividend will be paid on 21 August 2009 to shareholders on the register on 17 July 2009 (ex-dividend date being 15 July 2009).

Subject to approval at the annual general meeting, it is proposed to put in place a scrip dividend scheme in respect of this year's final dividend and future cash dividends. Details of the proposed scheme, together with a mandate form, are being sent to eligible shareholders with the notice of the annual general meeting.

Directors and directors' interests

Profiles of the directors who held office at the end of the year are given on pages 42 and 43. Details of the service contracts for those directors holding office during the year are shown in the remuneration report on page 54.

John Nixon was appointed a director on 15 May 2008 and stood for election at the annual general meeting in July 2008.

In accordance with the Company's articles of association, Michael Spencer and Mark Yallop will stand for re-election at the forthcoming annual general meeting.

Directors' interests in ordinary shares

The interests of the directors in the Company's ordinary shares of 10p each are shown below as at 31 March 2009 and at 31 March 2008 (or as at date of appointment). The interests of directors in options over the Company's shares are shown on page 56 within the remuneration report.

	As at 31 March 2009	As at 31 March 2008
Charles Gregson – Chairman	213,424	119,921
Michael Spencer	138,076,836	136,738,922
Matthew Lester	150,742	51,932
John Nixon	–	–
Mark Yallop	1,027,702	739,506
Nicholas Cosh	30,000	30,000
James McNulty	20,000	20,000
William Nabarro	48,580	48,580
David Puth	–	–

Notes

- 1 Details of Michael Spencer's shareholding are set out in a note to the substantial shareholdings section of the directors' report.
- 2 Directors' interests shown in the table above represent shares beneficially held by each director together with shares held by their connected persons. They include ordinary shares held on behalf of Michael Spencer, Matthew Lester and Mark Yallop by the trustees of the ICAP Trust in respect of their basic awards and any vested, unexercised matching awards under the BSMP.
- 3 Between 31 March 2009 and 12 May 2009 there were no changes to the above interests.

Creditor payment policy

The Group's policy with regard to the payment of its suppliers is to agree the terms of payment at the start of business with each supplier and to ensure that each supplier is made aware of the terms of payment and paid in accordance with its contractual and legal obligations. The Company does not have any trade creditors.

Political donations

No political donations were made during the year (2008 – nil).

Charitable donations

During the year the Group donated £11 million (2008 – £9 million) to charitable organisations globally, of which £5 million (2008 – £4 million) was donated to charitable organisations based in the UK. Further information can be found on page 35 of the business review and on the Group's website, www.icap.com.

Employee involvement

Details are given in the business review on page 35.

Disability policy

Details are given in the business review on page 35 as part of the equal opportunity and diversity policy section.

Share capital

All changes in share capital are detailed in note 25 to the financial statements. The Company has one class of share in issue, ordinary shares of 10p each, all of which are fully paid. Each ordinary share in issue carries equal rights including one vote per share on a poll at general meetings of the Company, subject to the Company's articles of association and law. There are no restrictions on the transfer of ordinary shares. Shares held in treasury carry no voting rights for as long as they are held as Treasury Shares. Votes may be exercised by shareholders attending or otherwise duly represented at general meetings. The ICAP and Garban Trusts hold ordinary shares which may be used to satisfy options and awards granted under the Company's share plans. The voting rights of ordinary shares held in the ICAP and Garban Trusts are exercisable by the trustees in accordance with their fiduciary duties. The right to receive dividends has been waived in respect of the shares held in the ICAP and Garban Trusts and as Treasury Shares.

Substantial shareholdings

As at 12 May 2009, the Company had been notified of the following interests of 3% or more in its issued ordinary share capital:

	Total interest in ordinary shares	Percentage of voting rights		
		Indirect %	Direct %	Total %
Mr and Mrs M Spencer, together with INCAP Finance BV*	138,076,836	20.19	1.13	21.32
Newton Investment Management Limited	51,483,526	7.95	–	7.95
BlackRock, Inc	32,310,335	–	4.99	4.99
Schroders plc	32,243,080	4.98	–	4.98
AXA SA	29,749,171	3.79	0.80	4.59

* Mr and Mrs M Spencer own approximately 55.10% of IPGL Limited which in turn owns 100% of INCAP Finance BV. Accordingly, Mr and Mrs M Spencer are deemed to be interested in all the shares in ICAP plc held by INCAP Finance BV (130,769,560) respectively. A trust fund of which their children are beneficiaries holds a further 50,000 shares and 6,256,247 shares are held by Halifax EES Trustees International Limited as trustee of the ICAP Trust. The shares held in the ICAP Trust include basic awards to Michael Spencer under the BSMP and matching awards under the BSMP in respect of which there are no unsatisfied performance or continuity of employment conditions. Michael Spencer holds 1,001,029 shares in his own name.

The Company has been notified by IPGL that, as part of normal corporate borrowing facilities, a total of 123,420,724 ICAP ordinary shares registered in the name of INCAP Finance BV are included in a package of assets charged pursuant to a loan facility agreement dated 6 October 2008 between IPGL, INCAP Finance BV, certain other subsidiaries of IPGL and HSBC Bank Plc. IPGL has notified the Company that there is a further outstanding security over ICAP shares held by INCAP Finance BV in favour of Barclays Bank PLC over 7,348,836, pursuant to a financing arrangement structured as an equity swap transaction.

Mr M Spencer has notified the Company that security has been granted in favour of HSBC Private Bank (UK) Limited over 996,800 ICAP ordinary shares held by him personally.

As at 31 March 2009, options existed over 21,011,872 of the Company's ordinary shares of 10p each in relation to employee share option schemes. Of this figure 13,802,006 are options over existing shares which are held in employee share trusts. The remainder are expected to be satisfied by either new issues of shares or by Treasury Shares. Changes in options under the various schemes are detailed in note 26 to the financial statements.

The Company held 1,051,169 Treasury Shares at the beginning of the year under review. During the year the Company repurchased 2,620,000 of its shares and used 1,636,430 Treasury Shares to satisfy option exercises up to 31 March 2009. The balance of 2,034,739 Treasury Shares held at 31 March 2009 (2008 – 1,051,169) represents 0.31% of the issued share capital. As at the date of this report, the Company had an unexpired authority to repurchase shares up to a maximum of 62,214,991 ordinary shares of 10p each.

The rules of the Company's share plans contain provisions which may cause options and awards granted to employees under the schemes to vest on a change of control.

DIRECTORS' REPORT CONTINUED

Annual general meeting

The eleventh annual general meeting of the Company will be held on Wednesday 15 July 2009. Details of the resolutions to be proposed at the annual general meeting are set out in a separate letter sent to all shareholders.

Auditors and the disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Each director has taken all the steps that he is obliged to take as a director in order to make him aware of any relevant audit information and to establish that the auditors are aware of that information.

PricewaterhouseCoopers LLP were re-appointed auditors to the Company on 16 July 2008. Resolutions to re-appoint PricewaterhouseCoopers LLP and to authorise the directors to set their remuneration will be proposed at the forthcoming annual general meeting. Note 8 to the financial statements sets out details of the auditors' remuneration.

Statement of directors' responsibilities for the Annual Report

The directors are responsible for preparing the Annual Report, the remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company and Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state that the financial statements comply with IFRSs as adopted by the EU.

The directors are also required by the Disclosure and Transparency Rules of the FSA to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company and the Group.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group which enable them to ensure that the financial statements and the remuneration report comply with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules

The directors confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group; and
- the management report contained in the business review includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties that they face.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review. The financial position of the Group, its cash flow, liquidity position, facilities and borrowing position are described in the business review and notes 21 and 23 to the financial statements provide further detail on the Group's borrowings and management of financial risks. The business review includes an analysis of the key risks facing the Group and the Group's approach to risk management.

After reviewing the Group's annual budget, liquidity requirements, plans and financing arrangements, the directors are satisfied that the Company and the Group have adequate resources to continue to operate for the foreseeable future and confirm that the Company and the Group are going concerns. For this reason they continue to adopt the going concern basis in preparing these financial statements.

By order of the board

Deborah Abrehart

Group Company Secretary
19 May 2009