

TULLETT PREBON PLC

INTERIM RESULTS – for the six months ended 30 June 2010

Tullett Prebon plc (the “Company”) today announced its preliminary results for the six months ended 30 June 2010.

Financial Highlights

- Revenue £475.8m (2009: £517.9m)
- Operating profit £84.7m (2009: £100.6m)
- Operating margin 17.8% (2009: 19.4%)
- Adjusted Profit before tax¹ £78.6m (2009: £92.8m)
- Adjusted EPS² 25.5p (2009: 28.5p)

Notes

1. Adjusted PBT is stated before non cash gains and losses in net finance income/(expense). A reconciliation of the adjusted PBT to the reported PBT of £79.3m (2009: £91.7m) is shown in the Financial Review
2. Adjusted EPS is stated before non cash gains and losses in net finance income/(expense) net of tax

Commenting on the results, Keith Hamill, Chairman of Tullett Prebon plc, said:

“The performance of the business continues to be robust.

Revenue of £475.8m is 8% lower than reported for 2009. Underlying revenue was unchanged compared with the same period a year ago, which is an excellent performance against a strong comparative. The net effect of the broker defections in North America following the raid by BGC in the second half of last year has been to reduce revenue by 7%. The impact of currency movements on the translation of our non-UK operations has been slightly adverse.

Operating profit for the first half was £84.7m, with an operating margin of 17.8%. Adjusted basic earnings per share were 25.5p.

An interim dividend of 5.25p per share (2009: 5.0p per share) will be paid on 18 November 2010 to shareholders on the register at 29 October 2010.”

Terry Smith, Chief Executive, added:

“The world’s financial markets remained unsettled during the first half with bouts of intense volatility. Market activity in June and July has been relatively subdued, and although it continues to be difficult to forecast market activity, it is likely that the unsettled financial market conditions will persist into the second half and that there will be periods of higher activity in the remaining months of the year.

We have a well diversified and robust business and we are well positioned to respond to, and to benefit from, changes in the way in which the OTC markets and our customers operate and are regulated. We expect to deliver a good outcome for the year.”

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

TULLETT PREBON PLC

INTERIM MANAGEMENT REPORT - for the six months ended 30 June 2010

Overview

The performance of the business continues to be robust.

Risk appetite in the financial markets has started to return, although overall activity in the markets in which we operate was generally slightly lower in the first half compared to the same period last year which still benefited, particularly in the first quarter, from the volatility and turbulence in financial markets following the collapse of Lehman Brothers. Market volatility picked up in May, although this level of volatility did not persist into June.

Revenue of £475.8m is 8% lower than reported for 2009. As expected, the underlying revenue run rate in comparison with prior year improved over the period, and for the first half overall, underlying revenue was unchanged compared with the same period a year ago. This is an excellent performance against a strong comparative. The net effect of the broker defections in North America following the raid by BGC in the second half of last year has been to reduce revenue by 7%. The impact of currency movements on the translation of our non-UK operations has been slightly adverse.

In North America we have re-established our presence in all of the major product areas affected by the broker defections. We have now largely paused our hiring in these areas in order to allow us to assess the success of these hirings and the condition of the markets in the products concerned. Broker headcount on the affected desks at the end of June was around half the level before the defections, and total broker headcount in North America is 12% lower than a year ago.

Action is being taken to reduce costs and complexity in North America, including the exit of under-performing brokers, reductions in broking support staff, and the planned closure of six small offices in the region before the end of the year, one of which has already been effected. The offices to be closed accounted for around 3% of group revenue in 2009, mainly from cash equities and energy products, but they made only a limited contribution to operating profit, and their closure will allow management to focus on the two main offices in New Jersey and New York. One-off costs relating to the cost reduction actions being taken across the whole business of around £3m will be incurred, largely in the second half.

We continue to develop our electronic capabilities. Our electronic broking development is focused on the hybrid model, with electronic platforms which complement and support existing voice broker liquidity. This approach is better suited to most OTC products, is preferred by both clients and brokers, and facilitates evolution of trade execution to meet market requirements. Our current electronic broking offering competes effectively with similar platforms provided by our peers, and we are well placed to launch new electronic platforms across all regions when market opportunities arise or regulations require.

We have also continued to develop our Information Sales and Risk Management Services activities. TP Match, our pure electronic FRA matching platform which was launched towards the end of 2009, has successfully built market share, particularly in the US dollar market. The acquisition of OTC Valuations, which complements our Information Sales business and which allows us to meet the increasing demand for independent valuation services, completed in May.

Revenue from products supported by electronic platforms, together with Information Sales and Risk Management Services revenue, accounted for one sixth of total revenue in the first half of the year. The proportion of that revenue that is derived from voice-only execution continues to reduce, with an increased proportion derived from trades conducted through the platforms.

Operating profit for the first half was £84.7m, with an operating margin of 17.8%. There is some operational leverage in the business, and the reduction in operating profit and margin compared to the first half of 2009 largely reflects the reduction in revenue. Broker compensation as a percentage of broking revenue is slightly higher than a year ago due to the increased costs of employment, particularly in North America and London, as a result of the unlawful poaching raids on the business by BGC, and the initial inefficiencies as new hires build up to their full run rate of revenue. Support costs are little changed compared to a year ago.

Our key financial and performance indicators for the first half of 2010 compared with those for the first half of 2009 are summarised in the table below.

	2010	2009	Change	
			Reported	Constant Exchange Rates
Revenue	£475.8m	£517.9m	-8%	-7%
Operating profit	£84.7m	£100.6m	-16%	-15%
Operating margin	17.8%	19.4%	-1.6% points	
Broker headcount (period end)	1,624	1,647	-1%	
Average revenue per broker (£'000)	283	308	-8%	-7%
Broker employment costs : broking revenue	57.9%	57.6%	+0.3% points	
Broking support headcount (period end)	703	713	-1%	

Litigation

On 18 March 2010 Judgment was handed down in the legal action that the Company had taken in London against BGC, two of BGC's senior directors and ten former Company brokers, in response to a raid by BGC in early 2009 on the London business. The Judge held that there was an unlawful conspiracy between BGC and its two senior directors to poach the Company's employees and that the Company was and is entitled to a 12 month injunction against all but one of the former brokers, and also against BGC, as well as financial remedies. The Judge dismissed BGC's counter-claim against the Company. At a Directions hearing on 30 April 2010 permission for BGC to appeal was refused on 20 out of 22 grounds, and in particular, permission to appeal against the finding of conspiracy was refused. BGC have, however, petitioned

the Court of Appeal for permission to widen the appeal. The substantive appeal hearing is expected to be heard before the end of the year. The Company is seeking substantial damages from BGC. The damages trial has been fixed for 4 weeks commencing in March 2011.

Legal action continues to be pursued against BGC and former employees in the United States. The subsidiary companies in the United States directly affected by the raid have brought a claim against BGC in arbitration pursuant to the rules of the Financial Industry Regulatory Authority (“FINRA”). This case will be proceeding to trial in the near future. A separate action brought by Tullett Prebon plc for a federal case to be heard in the United States District Court in New Jersey against BGC alleging, among other causes of action, violations of the New Jersey RICO statute has been dismissed by the judge. This dismissal was on technical grounds, in part based on the pendency of the FINRA arbitration, and did not reach the merits of the claim. We respectfully disagree with the Judge’s opinion, and have filed a notice of appeal. The decision has no effect on the FINRA arbitration.

Legal action also continues to be pursued against former employees in Hong Kong who have unlawfully terminated their employment with the Company in order to join BGC.

Revenue and Operating Profit

The tables below analyse revenue and operating profit for the first half of 2010 compared with the equivalent period in 2009. A significant proportion of the group’s activity is conducted outside the UK and the reported results are therefore impacted by the movement in the foreign exchange rates used to translate the results of non-UK operations. In order to give a more complete analysis of performance, revenue and operating profit growth rates for the first half of 2010 shown below are presented both as reported and using translation exchange rates consistent with those used for 2009. The commentary below refers to growth rates at constant exchange rates.

Revenue by product group	2010 £m	2009 £m	Change	
			Reported	Constant Exchange Rates
Treasury Products	125.2	124.0	+1%	+2%
Interest Rate Derivatives	107.5	102.3	+5%	+6%
Fixed Income	132.7	188.3	-30%	-28%
Equities	38.1	38.8	-2%	+1%
Energy	55.6	52.3	+6%	+7%
Information Sales and Risk Management Services	16.7	12.2	+37%	+37%
	475.8	517.9	-8%	-7%

The increase in revenue in Treasury Products reflects strong growth in forward FX, including non-deliverable-forwards, offset by a reduction in revenue from cash and deposits.

The increase in revenue in Interest Rate Derivatives reflects a strong recovery in revenue from emerging market interest rate swaps and from interest rate options.

The fall in revenue in Fixed Income reflects the impact of the broker defections in North America together with the effect of lower market activity in credit derivatives in both Europe and North America, and in agency bonds in North America.

In Equities, growth in equity derivatives, reflecting more active markets and the development of the business in Asia, has been offset by lower revenue in cash equities.

The Energy business in Europe which covers power, gas and oil products has delivered strong revenue growth, benefiting from the continued buoyant market and from broker hires, and this has offset a reduction in revenue from North America, where the business is focused mainly on power products.

The Information Sales business has continued to benefit from increasing customer demand for both real time and end of day data, and an expansion of the customer base. The post trade Risk Management Services business has established significant revenue from the TP Match platform launched at the end of last year.

Revenue by region

	2010 £m	2009 £m	Change	
			Reported	Constant Exchange Rates
Europe	288.1	289.1	-0%	-0%
North America	135.6	183.6	-26%	-23%
Asia Pacific	52.1	45.2	+15%	+13%
	475.8	517.9	-8%	-7%

Revenue in Europe is little changed compared to last year. Broking revenue is 1% lower, offset by increased revenue from Information Sales and Risk Management Services. Broker headcount in Europe is 4% higher than last June at 803, and average revenue per broker is 5% lower compared with the same period a year ago. Broking revenue has benefited from more buoyant activity in emerging markets products, particularly in forward FX and in interest rate swaps, but revenue from the cash, forward FX and interest rate swap desks which were affected by the BGC raid in the first half of last year has been lower. In Fixed Income, revenue from government bonds has been maintained but revenue has fallen in credit products, with substantially lower market activity in credit derivatives compared to the prior year. Markets across all sectors of the Energy business have been active, and revenue in Equities has benefited from the development of the alternative investments desk and from investment in equity derivatives.

Revenue in North America has reduced by 23%. Most of this decline is due to lower revenue from those desks affected by the broker defections last year. Excluding this, revenue has reduced by 6%. Broker headcount in North America has fallen from 526 at June 2009 to 461 at June 2010. Headcount on the affected desks fell by 77 when

the brokers defected during the second half of 2009, and at June 2010 headcount on those desks is still 49 lower than a year ago. Underlying broker headcount is down by 4% reflecting the closure of the Florida office and a reduction in the number of credit derivatives brokers due to the decline in the market. Underlying average revenue per broker is 2% lower. Revenue in Treasury Products and Interest Rate Derivatives has benefited from a recovery in risk appetite with particularly good growth in emerging market products, FX options and interest rate options. Fixed Income revenue is down sharply due to the broker defections, which were mainly from this product group, and also due to lower activity in the markets for agency bonds and credit derivatives.

Revenue in Asia has increased by 13%. Broker headcount in Asia at the end of June was 360, 4% higher than a year ago, and average revenue per broker has increased by 9%. Market activity in Asia fell sharply in 2009 but has picked up during the first half of this year, reflecting the return of risk appetite and capital deployed by clients in the region. Volumes in forward FX, especially in non-deliverable-forwards for non convertible currencies and in FX options in regional currencies, have recovered strongly. The region has also benefited from good revenue growth from the development of our market leading oil products desks in Singapore following the integration of the Aspen business, and from the commencement in February this year of the operation of the equity derivatives business in Tokyo.

Operating profit by region

	2010 £m	2009 £m	Change	
			Reported	Constant Exchange Rates
Europe	69.6	69.4	+0%	+0%
North America	11.7	28.7	-59%	-57%
Asia Pacific	3.4	2.5	+36%	+36%
Reported	84.7	100.6	-16%	-15%

Operating margin by region

	2010	2009
Europe	24.2%	24.0%
North America	8.6%	15.6%
Asia Pacific	6.5%	5.5%
	17.8%	19.4%

Operating profit and operating margin in Europe are little changed. Revenue, the broker employment costs to revenue percentage and support costs are all very similar to the same period last year.

Operating profit in North America has fallen by 57% due to the decline in revenue with a reduction in operating margin to 8.6%. Broker employment costs as a percentage of revenue are higher than a year ago reflecting the increased costs of employment in the light of competitor action and the initial inefficiencies as new hires build up to their full run rate of revenue. The reduced scale of the business has also eroded the operating margin as the fixed costs in the region have not reduced in line with revenue.

Operating profit in Asia Pacific has increased by 36% reflecting the higher revenue compared to a year ago with an improvement in operating margin to 6.5%. Broker employment costs as a percentage of revenue are slightly higher than a year ago due to the investment in establishing the equity derivatives business in Tokyo which commenced operations in February and is still building up to the anticipated revenue run rate. The improvement in operating margin reflects the benefit of increased revenue on the fixed support cost base.

Financial Review

The results for the first half of 2010 compared with those for the first half of 2009 are shown in the table below.

	2010	2009
	£m	£m
Revenue	475.8	517.9
Operating profit	84.7	100.6
Cash finance expense	(6.1)	(7.8)
Adjusted Profit before tax *	78.6	92.8
Tax	(24.8)	(32.5)
Associates	1.0	1.0
Minority interests	(0.2)	(0.5)
Adjusted Earnings **	54.6	60.8
Weighted average number of shares	214.3m	213.6m
Adjusted Earnings per share	25.5p	28.5p

* Adjusted PBT reconciles to reported PBT as follows:

	2010	2009
	£m	£m
Adjusted Profit before tax	78.6	92.8
Non cash finance income/(expense)	0.7	(1.1)
Reported Profit before tax	79.3	91.7

** Adjusted Earnings reconciles to reported Earnings as follows:

	2010	2009
	£m	£m
Adjusted Earnings	54.6	60.8
Non cash finance income/(expense)	0.7	(1.1)
Tax on non cash finance income/(expense)	(0.2)	0.4
Reported Earnings	55.1	60.1

Cash finance expense

The reduction in cash finance expense reflects the lower interest rates on the fixed rate bonds which took effect in July and August last year, and lower interest on the bank debt due to lower interest rates and the lower average amount outstanding, partly offset by lower interest receivable on cash balances.

Taxation

The effective rate of tax on adjusted PBT is 31.5% (2009: 35.0%). The effective rate of tax reflects the estimated effective rate for the full year. The reduction in the effective rate compared with 2009 results from the increase in the proportion of taxable profits generated in the UK versus the US.

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 for these currencies against sterling are shown below.

	<u>Average</u>			<u>Period End</u>		
	<u>H1</u> <u>2010</u>	<u>H1</u> <u>2009</u>	<u>H2</u> <u>2009</u>	<u>30 June</u> <u>2010</u>	<u>31 Dec</u> <u>2009</u>	<u>30 June</u> <u>2009</u>
US dollar	\$1.54	\$1.47	\$1.64	\$1.50	\$1.61	\$1.65
Euro	€1.14	€1.10	€1.13	€1.22	€1.13	€1.17
Singapore dollar	S\$2.15	S\$2.19	S\$2.33	S\$2.09	S\$2.27	S\$2.38
Japanese Yen	¥141	¥140	¥150	¥132	¥150	¥159

Cash flow and financing

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

	2010 £m	2009 £m
Operating profit	84.7	100.6
Share based compensation	1.3	(0.2)
Depreciation and amortisation	4.5	4.1
EBITDA	90.5	104.5
Capital expenditure (net of disposals)	(5.2)	(4.1)
Working capital	(47.0)	(57.4)
Operating cash flow	38.3	43.0
Exceptional items - cash payments	-	(6.3)
Interest	(0.5)	(4.4)
Taxation	(20.1)	(15.0)
Defined benefit pension scheme funding	(6.3)	(6.3)
ESOT transactions	1.7	1.5
Dividends received from associates / paid to minorities	1.4	1.9
Acquisitions/investments	(2.4)	(3.5)
Cash flow	12.1	10.9

The normal seasonal pattern of working capital movements is for trade receivables and net settlement balances to be higher at June than at December, and operating cash flow for the first half of the year therefore tends to be lower than operating profit.

The working capital cash flow in the first half also reflects an increase in the broker sign-on prepayment balance, as new sign-on payments have been higher than the amortisation.

The defined benefit pension scheme funding includes £4.5m of additional special contributions agreed with the Trustees of the schemes with the aim of eliminating the actuarial deficits in the pension schemes by 31 December 2010.

Acquisition and investment expenditure in 2010 comprises deferred consideration payments relating to the acquisitions of Primex and Aspen, and the initial consideration (net of cash acquired) for OTC Valuations.

The movement in cash and debt is summarised below.

£m	Cash	Debt	Net
At 31 December 2009	396.2	(387.2)	9.0
Cash flow	12.1	-	12.1
Dividends	(21.4)	-	(21.4)
Debt repayments / draw downs	(30.4)	30.4	-
Effect of movement in exchange rates	7.8	0.1	7.9
Movements in fair value / amortisation of costs	-	(0.4)	(0.4)
At 30 June 2010	<u>364.3</u>	<u>(357.1)</u>	<u>7.2</u>

Net funds of £7.2m at 30 June 2010 are slightly lower than the £9.0m at 31 December 2009. The sterling equivalent value of the cash balances held in non-UK operating subsidiaries, principally in the United States, has benefited from the movements in exchange rates.

The group's borrowings at 30 June 2010 comprised the £141.1m Eurobond due July 2016, the remaining £8.5m of the Eurobond due August 2014, £210m of bank debt drawn under an amortising term loan maturing in January 2012, and a small amount of finance leases.

OTC Market Regulation

The passing into law of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States is a significant development in the process of agreeing reforms designed to strengthen the financial system and to improve the operation of the financial markets. The most pertinent section of the legislation for the inter-dealer broker industry covers the regulation of the OTC derivatives markets.

The Act empowers the appropriate Commission (the Commodity Futures Trading Commission for "swaps" and the Securities and Exchange Commission for "security-based swaps") to determine whether particular instruments should be cleared through central counterparties. Financial entities trading a swap which is required to be cleared must execute the trade through a "swap execution facility" or a "board of trade", and the trade information will be reported to a swap data repository which will facilitate the availability of swap transaction and pricing data. The legislation requires the appropriate Commission to establish the detailed rules and regulations to apply these principles within one year of the date of enactment.

We support the principles of the legislation in this area, and we believe that it will enhance our business. Inter-dealer brokers play a vital role in the OTC financial markets, creating liquidity through price and volume discovery, and facilitating efficient trading and risk management, and this legislation formalises that role. We believe that our business will meet the requirements for “swap execution facilities” and we are well placed to introduce new systems and to make systems enhancements that may be required to comply with the details of the new rules as they emerge.

We particularly welcome the recognition in the legislation of the following matters on which we have previously commented:

- Central counterparty clearing is not appropriate for all financial instruments. Only those swaps that can effectively and safely be cleared by a central counterparty should be required to be cleared, and this should be determined in conjunction with the clearing organisations.
- In order to maintain efficiency and market flexibility, access to clearing should be open to all execution venues on a non-discriminatory basis.
- The provision of trade information needs to be balanced with maintaining market liquidity. Trade reporting to a central depository would be useful in allowing regulators to understand total market and individual participant exposures, but too much transparency can destroy liquidity.

The European Commission is expected to propose legislation in the second half of the year to improve the functioning of derivatives markets. We continue to be engaged through our trade association in providing input to the discussions on various proposals, and we are confident that we are well positioned to respond to the regulations when they are issued.

Outlook

The world’s financial markets remained unsettled during the first half with bouts of intense volatility. Market activity in June and July has been relatively subdued, and although it continues to be difficult to forecast market activity, it is likely that the unsettled financial market conditions will persist into the second half and that there will be periods of higher activity in the remaining months of the year.

The underlying revenue run rate in comparison with the prior year is therefore expected to continue to improve in the second half, and although we are not planning to fully rebuild broker headcount in North America this year, the net effect on revenue of the broker defections is expected to be lower in the second half than in the first half.

We have a well diversified and robust business and we are well positioned to respond to, and to benefit from, changes in the way in which the OTC markets and our customers operate and are regulated. We expect to deliver a good outcome for the year.

Condensed Consolidated Income Statement

for the six months ended 30 June 2010

	Notes	Six months ended 30 June 2010 (unaudited) £m	Six months ended 30 June 2009 (unaudited) £m	Year ended 31 December 2009 £m
Revenue	5	475.8	517.9	947.7
Administrative expenses		(393.8)	(419.3)	(781.2)
Other operating income		2.7	2.0	4.3
Operating profit	5	84.7	100.6	170.8
Finance income	6	5.6	14.8	20.2
Finance costs	7	(11.0)	(23.7)	(34.5)
Profit before tax		79.3	91.7	156.5
Taxation		(25.0)	(32.1)	(46.9)
Profit of consolidated companies		54.3	59.6	109.6
Share of results of associates		1.0	1.0	1.8
Profit for the period		55.3	60.6	111.4
Attributable to:				
Equity holders of the parent		55.1	60.1	110.8
Minority interests		0.2	0.5	0.6
		55.3	60.6	111.4
Earnings per share				
Adjusted basic	8	25.5p	28.5p	49.2p
Basic	8	25.7p	28.1p	51.8p
Diluted	8	25.4p	28.0p	51.2p

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2010

	Six months ended 30 June 2010 (unaudited) £m	Six months ended 30 June 2009 (unaudited) £m	Year ended 31 December 2009 £m
Profit for the period	55.3	60.6	111.4
Other comprehensive income:			
Revaluation of available-for-sale assets	-	0.5	0.9
Gain on net investment hedges	-	3.6	2.5
Effect of changes in exchange rates on translation of foreign operations	12.2	(23.0)	(17.2)
Actuarial losses on defined benefit pension schemes	(0.9)	(9.7)	(0.5)
Taxation charge on components of other comprehensive income	(3.2)	(1.3)	(1.9)
Other comprehensive income for the period	8.1	(29.9)	(16.2)
Total comprehensive income for the period	63.4	30.7	95.2
Attributable to:			
Equity holders of the parent	63.0	30.4	94.9
Minority interests	0.4	0.3	0.3
	63.4	30.7	95.2

Condensed Consolidated Balance Sheet

as at 30 June 2010

	30 June 2010 (unaudited) £m	30 June 2009 (unaudited) £m	31 December 2009 £m
Non-current assets			
Goodwill	378.1	380.9	373.5
Other intangible assets	10.2	6.6	7.4
Property, plant and equipment	24.3	24.6	25.6
Interest in associates	3.1	2.7	3.5
Other financial assets	4.7	5.4	4.8
Deferred tax assets	14.7	15.2	13.7
Retirement benefit asset	4.8	-	-
	439.9	435.4	428.5
Current assets			
Trade and other receivables	15,289.1	21,328.6	5,765.0
Other financial assets	33.0	33.4	30.1
Cash and cash equivalents	331.3	316.0	366.1
Derivative financial instruments	-	3.6	-
	15,653.4	21,681.6	6,161.2
Total assets	16,093.3	22,117.0	6,589.7
Current liabilities			
Trade and other payables	(15,303.1)	(21,377.8)	(5,825.5)
Interest bearing loans and borrowings	(30.0)	(34.0)	(30.2)
Derivative financial instruments	(0.1)	(7.9)	-
Current tax liabilities	(44.9)	(42.8)	(36.7)
Short term provisions	(1.1)	(1.6)	(1.5)
	(15,379.2)	(21,464.1)	(5,893.9)
Net current assets	274.2	217.5	267.3
Non-current liabilities			
Interest bearing loans and borrowings	(327.1)	(359.2)	(357.0)
Retirement benefit obligations	-	(12.1)	(1.3)
Deferred tax liabilities	(11.1)	(1.2)	(8.1)
Long-term provisions	(9.0)	(8.2)	(7.8)
Other long-term payables	(9.4)	(12.8)	(9.1)
	(356.6)	(393.5)	(383.3)
Total liabilities	(15,735.8)	(21,857.6)	(6,277.2)
Net assets	357.5	259.4	312.5
Equity			
Share capital	53.8	53.8	53.8
Share premium account	9.9	9.9	9.9
Reverse acquisition reserve	(1,182.3)	(1,182.3)	(1,182.3)
Other reserves	140.1	125.3	128.6
Retained earnings	1,333.4	1,250.0	1,300.3
Equity attributable to equity holders of the parent	354.9	256.7	310.3
Minority interests	2.6	2.7	2.2
Total equity	357.5	259.4	312.5

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2010

(unaudited)	Equity attributable to equity holders of the parent										Total equity £m
	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	
Balance at 1 January 2010	53.8	9.9	(1,182.3)	2.3	121.5	7.6	(2.8)	1,300.3	310.3	2.2	312.5
Profit for the period	-	-	-	-	-	-	-	55.1	55.1	0.2	55.3
Other comprehensive income for the period	-	-	-	-	-	8.9	-	(1.0)	7.9	0.2	8.1
Total comprehensive income for the period	-	-	-	-	-	8.9	-	54.1	63.0	0.4	63.4
Dividends paid in the period	-	-	-	-	-	-	-	(21.4)	(21.4)	-	(21.4)
Sale of own shares	-	-	-	-	-	-	2.3	(0.6)	1.7	-	1.7
Shares used to meet share award exercises	-	-	-	-	-	-	0.3	(0.3)	-	-	-
Credit arising on share-based payment awards	-	-	-	-	-	-	-	1.3	1.3	-	1.3
Balance at 30 June 2010	53.8	9.9	(1,182.3)	2.3	121.5	16.5	(0.2)	1,333.4	354.9	2.6	357.5
(unaudited)											
Balance at 1 January 2009	53.8	9.9	(1,182.3)	1.4	121.5	23.9	(6.9)	1,220.8	242.1	2.4	244.5
Profit for the period	-	-	-	-	-	-	-	60.1	60.1	0.5	60.6
Other comprehensive income for the period	-	-	-	0.5	-	(19.2)	-	(11.0)	(29.7)	(0.2)	(29.9)
Total comprehensive income for the period	-	-	-	0.5	-	(19.2)	-	49.1	30.4	0.3	30.7
Dividends paid in the period	-	-	-	-	-	-	-	(17.1)	(17.1)	-	(17.1)
Sale of own shares	-	-	-	-	-	-	2.6	(1.1)	1.5	-	1.5
Shares used to meet share award exercises	-	-	-	-	-	-	1.5	(1.5)	-	-	-
Debit arising on share-based payment awards	-	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Balance at 30 June 2009	53.8	9.9	(1,182.3)	1.9	121.5	4.7	(2.8)	1,250.0	256.7	2.7	259.4
(unaudited)											
Balance at 1 January 2009	53.8	9.9	(1,182.3)	1.4	121.5	23.9	(6.9)	1,220.8	242.1	2.4	244.5
Profit for the year	-	-	-	-	-	-	-	110.8	110.8	0.6	111.4
Other comprehensive income for the year	-	-	-	0.9	-	(16.3)	-	(0.5)	(15.9)	(0.3)	(16.2)
Total comprehensive income for the year	-	-	-	0.9	-	(16.3)	-	110.3	94.9	0.3	95.2
Dividends paid in the year	-	-	-	-	-	-	-	(27.8)	(27.8)	(0.7)	(28.5)
Sale of own shares	-	-	-	-	-	-	2.6	(1.1)	1.5	-	1.5
Shares used to meet share award exercises	-	-	-	-	-	-	1.5	(1.5)	-	-	-
Increase in minorities' equity interests	-	-	-	-	-	-	-	-	-	0.2	0.2
Debit arising on share-based payment awards	-	-	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)
Balance at 31 December 2009	53.8	9.9	(1,182.3)	2.3	121.5	7.6	(2.8)	1,300.3	310.3	2.2	312.5

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2010

	Notes	Six months ended 30 June 2010 (unaudited) £m	Six months ended 30 June 2009 (unaudited) £m	Year ended 31 December 2009 £m
Net cash from operating activities	10(a)	15.7	13.9	85.3
Investing activities				
Purchase of other financial assets		(2.5)	(4.5)	(0.8)
Interest received		0.9	1.2	5.0
Dividends from associates		1.4	1.9	1.9
Purchase of available-for-sale assets		-	(0.3)	(0.1)
Purchase of intangible fixed assets		(3.8)	(2.3)	(4.1)
Purchase of property, plant and equipment		(1.4)	(1.8)	(5.2)
Proceeds on disposal of property, plant and equipment		0.1	0.1	0.2
Investment in subsidiaries		(2.4)	(3.2)	(3.4)
Net cash used in investment activities		(7.7)	(8.9)	(6.5)
Financing activities				
Dividends paid	9	(21.4)	(17.1)	(27.8)
Dividends paid to minority interests		-	-	(0.7)
Sale of own shares		1.7	1.5	1.5
Repayment of debt		(30.3)	(30.0)	(30.1)
Repayment of obligations under finance leases		(0.2)	(3.4)	(3.7)
Eurobond issue costs		-	-	(2.5)
Payments relating to net investment hedges		-	-	(12.5)
Receipts relating to net investment hedges		-	-	2.5
Net cash used in financing activities		(50.2)	(49.0)	(73.3)
Net (decrease)/increase in cash and cash equivalents		(42.2)	(44.0)	5.5
Net cash and cash equivalents at the beginning of the period		366.1	374.9	374.9
Effect of foreign exchange rate changes		7.4	(18.9)	(14.3)
Net cash and cash equivalents at the end of the period		331.3	312.0	366.1
Cash and cash equivalents		331.3	316.0	366.1
Overdrafts		-	(4.0)	-
Net cash and cash equivalents	10(b)	331.3	312.0	366.1

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2010

1. General information

Tullett Prebon plc is a company incorporated in England and Wales under the Companies Act.

The condensed consolidated financial information for the six months ended 30 June 2010 has been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services 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 2009 which was prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The statutory accounts for the year ended 31 December 2009 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 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 2010 has been prepared using accounting policies consistent with IFRS. The interim information, together with the comparative information contained in this report for the year ended 31 December 2009, 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 financial 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 considerable financial resources both in the regions and at the corporate centre to comfortably 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 are followed in the condensed financial statements as applied in the Group's latest annual audited financial statements for the year ended 31 December 2009, except as described below.

The Group has adopted the revised IFRS 3 'Business Combinations' standard and amendments to International Accounting Standard (IAS) 27 'Consolidation and Separate Financial Statements'. The revisions and amendments to these standards apply to business combinations after 1 January 2010 and require: acquisition costs to be recognised as an expense in the income statement in the period in which they arise; all consideration transferred, including contingent consideration, is recognised and measured at fair value at the acquisition date; subsequent remeasurement of contingent consideration is recognised in the income statement; equity interests held prior to control being obtained are remeasured to fair value at the date of obtaining control, and any gain or loss is recognised in the income statement; changes in a parent's ownership interest in a subsidiary that do not result in a change of control are treated as transactions between equity holders and are reported in equity; and, an option is available, on a transaction by transaction basis, to measure non-controlling interests, previously referred to as minority interests, in the entity at fair value, or at the non-controlling interests' proportionate share of the net identifiable assets of the entity acquired.

The Group has also adopted amendments to IFRS 2 'Share-based Payment' relating to group cash settled share-based payment transactions, amendments to IFRIC 9 'Reassessment of Embedded Derivatives' and IAS 39 'Financial Instruments: Recognition and Measurement' relating to embedded derivatives, amendment to IAS 39 'Financial Instruments: Recognition and Measurement' relating to eligible hedged items and Improvements to IFRSs (2009). The adoption of these amendments has not had any significant impact on the financial statements.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2010

3. Related party transactions

Related party transactions are described in the 2009 annual report and accounts in note 37 to the consolidated financial statements. There have been no material changes in the nature or value of related party transactions in the six months ended 30 June 2010.

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 eight risk categories: credit risk, market risk, operational risk, strategic and business risk, financial risk, reputational risk, governance risk and regulatory, legal and human resource risk. A detailed explanation of the above risks can be found on pages 16 to 18 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 2009. 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:

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Revenue			
Europe	288.1	289.1	542.6
North America	135.6	183.6	318.0
Asia Pacific	52.1	45.2	87.1
	<u>475.8</u>	<u>517.9</u>	<u>947.7</u>
Operating profit			
Europe	69.6	69.4	123.2
North America	11.7	28.7	44.4
Asia Pacific	3.4	2.5	3.2
Reported operating profit	<u>84.7</u>	<u>100.6</u>	<u>170.8</u>
Finance income	5.6	14.8	20.2
Finance costs	(11.0)	(23.7)	(34.5)
Profit before tax	<u>79.3</u>	<u>91.7</u>	<u>156.5</u>
Taxation	(25.0)	(32.1)	(46.9)
Profit of consolidated companies	<u>54.3</u>	<u>59.6</u>	<u>109.6</u>
Share of results of associates	1.0	1.0	1.8
Profit for the period	<u>55.3</u>	<u>60.6</u>	<u>111.4</u>

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

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2010

5. Segmental analysis (continued)

Other segmental information

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Segment assets			
Europe	7,279.7	8,776.9	2,090.7
North America	8,743.0	13,281.8	4,437.0
Asia Pacific	70.6	58.3	62.0
	<u>16,093.3</u>	<u>22,117.0</u>	<u>6,589.7</u>

Segmental assets exclude all inter-segment balances.

Analysis by product group

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Revenue			
Treasury Products	125.2	124.0	238.9
Interest Rate Derivatives	107.5	102.3	192.0
Fixed Income	132.7	188.3	317.1
Equities	38.1	38.8	74.0
Energy	55.6	52.3	100.6
Information Sales and Risk Management Services	16.7	12.2	25.1
	<u>475.8</u>	<u>517.9</u>	<u>947.7</u>

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

6. Finance income

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Interest receivable and similar income	0.9	2.1	3.4
Fair value gain on derivative instruments	-	9.3	9.0
Expected return on pension schemes' assets	4.7	3.3	6.5
Amortisation of discount on deferred consideration	-	0.1	1.3
	<u>5.6</u>	<u>14.8</u>	<u>20.2</u>

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2010

7. Finance costs

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Interest payable on bank loans	1.2	3.1	4.6
Interest payable on Eurobond	5.2	6.2	11.5
Other interest payable	0.1	0.1	0.2
Amortisation of debt issue costs	0.5	0.5	0.9
Total borrowing costs	7.0	9.9	17.2
Fair value loss on derivative instruments	0.1	10.3	10.3
Interest cost on pension schemes' liabilities	3.9	3.5	7.0
	11.0	23.7	34.5

8. Earnings per share

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Adjusted basic	25.5p	28.5p	49.2p
Basic	25.7p	28.1p	51.8p
Diluted	25.4p	28.0p	51.2p

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

	Six months ended 30 June 2010 No. (m)	Six months ended 30 June 2009 No. (m)	Year ended 31 December 2009 No. (m)
Weighted average shares in issue used for calculating basic and adjusted basic earnings per share	214.3	213.6	213.9
Contingently issuable shares	2.0	0.6	1.8
Issuable on exercise of options	0.8	0.6	0.7
Diluted weighted average shares in issue	217.1	214.8	216.4

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2010

8. Earnings per share (continued)

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

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Profit for the period	55.3	60.6	111.4
Minority interests	(0.2)	(0.5)	(0.6)
Earnings for calculating basic and diluted earnings per share	55.1	60.1	110.8
Expected return on pension schemes' assets	(4.7)	(3.3)	(6.5)
Interest cost on pension schemes' liabilities	3.9	3.5	7.0
Amortisation of discount on deferred consideration	-	(0.1)	(1.3)
Fair value movement on derivative financial instruments	0.1	1.0	1.3
Tax on above items	0.2	(0.4)	(0.2)
Prior year tax	-	-	(5.9)
Adjusted earnings for calculating adjusted basic earnings per share	54.6	60.8	105.2

9. Dividends

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2009 of 10.0p per share	21.4	-	-
Interim dividend for the year ended 31 December 2009 of 5.0p per share	-	-	10.7
Final dividend for the year ended 31 December 2008 of 8.0p per share	-	17.1	17.1
	21.4	17.1	27.8

An interim dividend of 5.25p per share will be paid on 18 November 2010 to all shareholders on the Register of Members on 29 October 2010.

The trustees of the Tullett Prebon plc Employee Share Ownership Trust and the trustees of the Tullett Prebon plc Employee Benefit Trust 2007 have waived their rights to dividends.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2010

10. Notes to the Condensed Consolidated Cash Flow Statement

(a) Reconciliation of operating profit to net cash from operating activities

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Operating profit	84.7	100.6	170.8
Adjustments for:			
Share-based compensation	1.3	(0.2)	(0.4)
Depreciation of property, plant and equipment	3.3	3.1	6.1
Amortisation of intangible assets	1.2	1.0	2.1
Exchange gain on other financial assets	-	(0.2)	-
Increase/(decrease) in provisions for liabilities and charges	0.2	(1.0)	(1.8)
Outflow from retirement benefit obligations	(6.3)	(6.3)	(8.1)
(Decrease)/increase in non-current liabilities	-	(0.2)	0.7
Operating cash flows before movement in working capital	84.4	96.8	169.4
(Increase)/decrease in trade and other receivables	(31.7)	(14.4)	4.4
Increase in net settlement balances	(0.6)	(8.5)	(0.2)
Decrease in trade and other payables	(14.9)	(39.4)	(41.2)
Cash generated from operations	37.2	34.5	132.4
Income taxes paid	(20.1)	(15.0)	(30.4)
Interest paid	(1.4)	(5.6)	(16.7)
Net cash from operating activities	15.7	13.9	85.3

(b) Cash and cash equivalents

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 one week depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

For the purposes of the Condensed Consolidated Cash Flow Statement, cash and cash equivalents comprise the following:

	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
Cash and cash equivalents	331.3	316.0	366.1
Bank overdrafts	-	(4.0)	-
	331.3	312.0	366.1

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2010

11. Analysis of net funds

	At 1 January 2010 £m	Cash flow £m	Non-cash items £m	Exchange differences £m	At 30 June 2010 £m
Cash	189.7	(5.1)	-	4.7	189.3
Cash equivalents	173.6	(36.5)	-	2.7	139.8
Client settlement money	2.8	(0.6)	-	-	2.2
Cash and cash equivalents	366.1	(42.2)	-	7.4	331.3
Other current financial assets	30.1	2.5	-	0.4	33.0
Total funds	396.2	(39.7)	-	7.8	364.3
Bank loans within one year	(30.0)	30.0	(29.8)	-	(29.8)
Bank loans after one year	(209.1)	-	29.5	-	(179.6)
Loans due after one year	(147.6)	0.3	(0.1)	-	(147.4)
Finance leases	(0.5)	0.2	(0.1)	0.1	(0.3)
	(387.2)	30.5	(0.5)	0.1	(357.1)
Total net funds	9.0	(9.2)	(0.5)	7.9	7.2

Client settlement money represents balances held by the Group received as a result of corporate actions relating to securities transactions.

Other current financial assets comprise short term government securities and term deposits held on deposit with clearing organisations.

12. Notes to the Condensed Consolidated Statement of Changes in Equity

Total comprehensive income reserve movements

	Equity attributable to equity holders of the parent					Total equity £m
	Revaluation reserve £m	Hedging and translation £m	Retained earnings £m	Total £m	Minority interests £m	
Six months ended 30 June 2010						
Profit for the period	-	-	55.1	55.1	0.2	55.3
Revaluation of available-for-sale assets	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	12.0	-	12.0	0.2	12.2
Actuarial loss on defined benefit pension schemes	-	-	(0.9)	(0.9)	-	(0.9)
Taxation charge on components of other comprehensive income	-	(3.1)	(0.1)	(3.2)	-	(3.2)
Total comprehensive income for the six months ended 30 June 2010	-	8.9	54.1	63.0	0.4	63.4

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2010

12. Notes to the Condensed Consolidated Statement of Changes in Equity (continued)

Total comprehensive income reserve movements (continued)

	Equity attributable to equity holders of the parent					Total equity
	Revaluation reserve	Hedging and translation	Retained earnings	Total	Minority interests	
Six months ended 30 June 2009	£m	£m	£m	£m	£m	£m
Profit for the period	-	-	60.1	60.1	0.5	60.6
Revaluation of available-for-sale assets	0.5	-	-	0.5	-	0.5
Gain on net investment hedge	-	3.6	-	3.6	-	3.6
Exchange differences on translation of foreign operations	-	(22.8)	-	(22.8)	(0.2)	(23.0)
Actuarial loss on defined benefit pension schemes	-	-	(9.7)	(9.7)	-	(9.7)
Taxation charge on components of other comprehensive income	-	-	(1.3)	(1.3)	-	(1.3)
Total comprehensive income for the six months ended 30 June 2009	0.5	(19.2)	49.1	30.4	0.3	30.7

	Equity attributable to equity holders of the parent					Total equity
	Revaluation reserve	Hedging and translation	Retained earnings	Total	Minority interests	
Year ended 31 December 2009	£m	£m	£m	£m	£m	£m
Profit for the year	-	-	110.8	110.8	0.6	111.4
Revaluation of available-for-sale assets	0.9	-	-	0.9	-	0.9
Gain on net investment hedge	-	2.5	-	2.5	-	2.5
Exchange differences on translation of foreign operations	-	(16.9)	-	(16.9)	(0.3)	(17.2)
Actuarial loss on defined benefit pension schemes	-	-	(0.5)	(0.5)	-	(0.5)
Taxation charge on components of other comprehensive income	-	(1.9)	-	(1.9)	-	(1.9)
Total comprehensive income for the year ended 31 December 2009	0.9	(16.3)	110.3	94.9	0.3	95.2

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

Terry Smith
Chief Executive

2 August 2010

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 2010 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 12. 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 Services 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 2010 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 Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditors

2 August 2010

London, UK