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Annual Report

Year ended 31 March 2009

A global leader in online trading

CMC Markets Plc

The CMC Markets Plc group (CMC Markets) is a market maker in online retail financial services and both a global leader in the provision of contracts for difference (CFDs) and one of the largest financial spread betting service providers in the UK.

With a 'global footprint' spanning four continents, CMC Markets' international network of 16 strategically positioned offices support clients from over 100 countries worldwide.

The CMC Markets trading experience allows clients access to international financial markets by offering over 5,000 cross asset trading instruments, distributed in over 30 markets covering equities, indices, commodities and foreign exchange, all via the award-winning Market*maker*™ trading platform.

Contents

Financial highlights

For the year ended 31 March 2009

Key	2009	2008
Revenue	£193.2m	£181.4m
(Loss)/profit before taxation	(£15.1)m	£57.2m
EBITDA[1][2]	£60.3m	£77.2m
Earnings [3] per share - basic adjusted	13.1p	18.1p
EBITDA[1]	£25.3m	£69.3m
Earnings per share - basic	(6.1)p	15.6p

[1] Earnings before interest, taxation, depreciation and amortisation.
[2] Before exceptional items.
[3] Before exceptional items and amortisation of intangibles arising on consolidation.

Other highlights

For the year ended 31 March 2009

36% increase in number of active customers to 76,000

50% increase in number of customer trades to 30 million

12% increase in value of customer trades to USD 1.5 trillion

Restructuring programme successfully delivered to position business to capitalise on the significant opportunities available

CEO's statement

I am very pleased to be able to report the continued growth of the business in what can only be described as a challenging year in the financial markets. Revenue at £193.2m is 7% up on the record levels achieved last year. Not only have we been able to establish new, higher benchmarks for many of the key indicators of the health of our business, but we have also re-focused our strategy and completed a significant restructuring programme, paving the way for even more exciting developments ahead.

CMC Markets continues to evolve. With new technology, a new management team and a new business model, we are in a very good position for the future. We will be the partner of choice for retail and corporate customers, as well as becoming the pre-eminent clearer and market maker to the world's CFD community.

We now have around 76,000 customers trading with us a year, transacting an average of 120,000 trades per day, with a daily trade value of approximately USD5bn. Our business is continuing to grow rapidly, focusing on valuable customers and corporates. The breadth of our product and service offering is increasing, in line with customer expectations, towards physical shares, futures and investor products.

We aim to grow our valuable customer base, which will deliver a high quality risk model based on 100,000 customers per year, trading 200,000 to 300,000 trades per day, with USD10bn of daily trade value. New and improved technology and expertise are being put in place to grow CMC Markets to a level which can generate significantly higher levels of revenue over the next five years. The business model will bring together the most advanced risk management techniques, with best-in-class electronic trading technology to break the mould in global retail financial services. Our customers will continue to benefit from the best pricing, the most advanced trading platform and service experience available anywhere in the retail market. This year we have been building the foundations and plans for this next phase of development of the Group.

Market volatility, while it has created difficulties for many in the financial services industry, continues to have a positive effect on CMC Markets by helping to attract more interest in our services. Our customers have placed a record number of trades this year. Our products, which include efficient trading structures such as CFDs and financial spread bets, have allowed our customers to participate on both the long and short side of the rapid changes we have been experiencing in financial markets. We continued to expand the range of trading options on our **Market***maker*™ trading platform in the course of the year. Our customers now enjoy more choice than ever before.

CMC Markets will continue to play a role as an innovator in the development of new products, services and retail and partner distribution channels across all our chosen markets. This year we established a new product development team and have recruited additional experts in electronic trading, investor products and digital content to create new customer propositions, which will create further opportunities for CMC Markets in the future.

We are also focusing on those areas of the world where we expect the most significant growth such as Japan, Singapore and Spain. We will continue to optimise our portfolio to ensure that our geographic and product diversification is appropriately weighted to take full advantage of the opportunities available.

The key ingredient to CMC Markets' success in the past has been technology. Going forward, we will continue to focus on the market-leading technology which has made CMC Markets one of the world's leading online trading businesses. It is this technology which is helping us deliver the fully automated execution and dynamic risk management which has won our **Market***maker*™ trading platform the global recognition it deserves. To support this development, we have also made substantial changes in our technology organisation during the year.

CEO's statement continued

The new team we have in place will help us to build effectively on our existing IT resources and create what I consider to be a best-in-class technology infrastructure, enabling us to deliver even more trading efficiencies for our customers.

We have taken steps to ensure that our business model is more dynamic to match the challenging market environment. These steps include changes to our operating model to create a more centralised management structure with a London service hub supporting all the regions, as well as our global partner network. This is already creating significant efficiencies and driving a consistent customer experience and strategy across all regions.

We have completed the integration of the businesses we have acquired in the last two financial years including Andrew West & Co. Limited, an Australian stockbroker (now rebranded CMC Markets Stockbroking Limited), Digital Look Limited, the UK's leading financial web portal (and CMC Markets' core content and data provider) and Red Monitor Financial GmbH, an Austrian based binary options business.

The actions we have taken this year have included investment in the control and governance framework which will assist the business in delivering growth in a controlled environment. This has included our financial governance, where we have taken key steps to ensure that our financial resources are being optimised for the future. CMC Markets remains highly cash generative and, although we have incurred significant exceptional charges to reflect the change programme we have embarked upon, the business is now in a stronger position to deliver profitable growth into the future.

The impact of all these changes and the costs of the restructuring programme led to an EBITDA (before exceptional items) of £60.3m compared to £77.2m in the prior year, and to an overall loss before taxation for the year of £15.1m (2008 profit before taxation £57.2m). However, I am pleased to report that new milestones continue to be set for many of our key performance indicators demonstrating the underlying strength of our business.

The financial year ended 31 March 2009 saw:

- annual trade count, the number of trades executed by customers, up 50% to 30 million;
- the volume of trades by value up 12% to over USD1.5 trillion; and
- record levels for new customers (48,000) and active customers (76,000).

It has been another year in which the Group has been recognised for the excellence of its products and services. We won awards in the UK, Australia, China and Germany, including:

- Best CFD Provider - Investors Chronicle, UK.
- Best Product of the Year (for Trading IQ) - Shares Magazine, UK.
- Best Financial Spread Betting Provider - Incisive Media Online Finance Awards, UK.
- CFD Provider of the Year - Money Magazine, Australia.
- Best CFD Provider of the Year - Brokerwahl Competition, Germany.
- Best Financial Training Provider - Forex.com.cn, China.

I am also pleased to say that we continue to enjoy the active support of Goldman Sachs. I feel that the decision to bring them into the business in 2007 has been fully justified. I am very optimistic that CMC Markets and Goldman Sachs can continue to work together as strategic partners and create some real opportunities and value out of this relationship as we move forward.

At the Board level, we have also made significant changes with a number of Directors leaving us this year and since the year end and I would like to thank them for their significant contribution to CMC Markets. I have been even more involved with the business on a day-to-day basis this year and, with effect from 1 July 2009, I am delighted to have assumed the role of Chief Executive Officer. I will continue to work closely with my fellow Directors and the senior management of CMC Markets to realise the new strategy and make this business more successful than ever before. I am even more excited about this business now than when I started it. I feel the next phase of its growth and evolution will be the most inspiring yet.

P.A. Cruddas

Peter Cruddas
Chief Executive Officer

Business overview

CMC Markets is a leading provider of financial products and services to customers interested in a more active approach to financial markets. It combines a broad range of market-based products with a first class trading platform to give customers the investment experience they seek.

The Company's success is founded on its ability to deliver a wide range of trading options to customers, from single equities to indices and currencies to interest rates. It is wedded to the belief that retail customers can benefit from many of the same trading opportunities as institutions.

CMC Markets has pioneered the medium provided by the internet to bring trading products and market data directly to its customers' computers and mobile devices. The Company has capitalised on developments in technology and global financial markets to create services that have won widespread recognition in the investment media.

CMC Markets has an international presence. With offices in over a dozen countries, it enjoys customer relationships all over the world. Our highly successful partners programme also means that many of the world's leading financial institutions have been able to draw on CMC Markets' infrastructure and support in bringing the same products and services to their own customers.

Company history

CMC Markets was established in 1989 as a foreign exchange market maker. Its founder, Peter Cruddas, has grown the business since then into a leading global provider of retail contracts for difference (CFDs) and foreign exchange. In addition, it is a major player in the UK financial spread betting market.

CMC Markets launched the world's first online retail foreign exchange trading service in 1996, allowing customers to take advantage of markets previously only accessible to the professionals. Since then, the Company has broadened its offering to include spread betting, CFDs and in Australia, stockbroking services.

As a CFD market maker, CMC Markets' success has partly been achieved through its dedication to innovation, making market access easier for the private investor. The early adoption of internet technology was central to its growth and the Company's continued success can be attributed to its ability to keep pace with the way customers are using the internet.

The Company's **Market***maker*™ trading platform and its trade-on-the-move cousin, **Market***maker*: mobile™, are prime examples of its dedication to the on-going development of its technology based culture.

CMC Markets took its investment brand international when, in 2002, it opened its first non-UK office in Sydney, Australia. In subsequent years, the Company has broadened its presence to cover Asia, continental Europe and North America.

Key acquisitions in the course of CMC Markets' expansion have included the financial content and data provider Digital Look Limited and Australian stockbroker Andrew West & Co. Limited (now CMC Markets Stockbroking Limited). CMC Markets welcomed its first institutional shareholder when Goldman Sachs purchased a 10% holding in the Company in 2007.

Business overview continued

Products

CFD
CONTRACTS FOR DIFFERENCE

A contract for difference (CFD) is an agreement between two parties in which one party agrees to pay the difference in the value of the contract to the other party, based on the change between its opening and closing price. The contract is based on the price of an underlying asset, like an equity price, a currency pair, a commodity, or an index, but does not require the ownership of that asset.

CFDs are easier to trade than equities or bonds as there is no physical market trade involved. The pricing is completely transparent and transactions are generally completed in milliseconds.

CFDs typically come with built-in leverage in order to amplify their risk and return characteristics.

Unlike conventional securities, CFDs can be used in an inverse manner, to go 'short' in declining markets. This allows customers to benefit from negative views on a given share or market, or to hedge a physical position they might hold elsewhere.

Spread betting
(UK ONLY)

Spread bets let customers take advantage of changes in asset prices by betting on the number of 'points' a price will move, either up or down. Customers determine the amount of money they wish to stake on each point that the price moves.

Spreads are offered based on the price movements in a range of securities, including stockmarket indices, commodities, government bonds, and individual listed equities.

CMC Markets invented 'Rolling Cash Bets' for spread betting in 2001. This has allowed customers to roll their positions over to the next business day using a competitive overnight finance charge.

The availability and tax treatment of spread betting varies from country to country. It is currently tax free in the UK.

Stockbroking
(AUSTRALIA ONLY)

CMC Markets Stockbroking Limited is a member firm of the Australian Securities Exchange (ASX) and offers Australian customers the ability to buy and sell ASX-listed equities as well as listed funds.

CMC Markets provides fixed and transparent pricing for its equity trading services as well as providing customers with a highly personal help desk service.

Customers have access to live market data and research from some of Australia's most respected stockmarket analysts.

Business overview continued

Partners

CMC Markets now makes its services available to valued partners around the world. CMC Markets' **Market***maker*™ platform is delivered via white-label and introducing broker agreements to over 150 institutions of various sizes. This allows them to deploy the same high quality CFD and foreign exchange trading facilities to their own customers in an economic manner, with the added attraction of on-going support from CMC Markets.

The success of the Company's partners programme is based on the quality of the technology it can deploy, the competitive costs on offer and the dedicated 24-hour service that comes as part of this package. CMC Markets is also sensitive to the fact that it is the guardian of our partners' brand. CMC Markets works with partners on an on-going basis to help them deliver an offering to their retail customers of which they can be proud.

Partnering with CMC Markets means more than just white-labelling; CMC Markets actively supports partners in marketing its facilities and acquiring new business through this channel. CMC Markets' comprehensive service includes the development of products and tools that will support partners in growing this side of their investment business, including the development of a dedicated CFD-based strategy.

As an international company, CMC Markets now supports customers of its partners programme all over the world. The Company's multi-lingual capabilities and familiarity with local regulatory requirements means it is well prepared for dealing with the unique conditions its customers face. The programme is flexibly configured to mesh seamlessly with the way partners want to interact with their own customers, taking into consideration factors such as additional employee training, pricing and language.

Business overview continued

Market insights

CMC Markets delivers financial news to its customers via its own dedicated news desk. This includes third-party as well as proprietary commentary and analysis. The CMC Markets internal news desk, staffed with a team of experienced journalists, covers major UK, European, Asian and Australian markets, smaller companies, new issues, commodities, currencies and bonds.

CMC Markets also provides customers with regular in-depth articles on technical factors, strategy and broker forecasts, as well as commentary from its in-house team of analysts.

Community

To help customers keep in touch with each other, CMC Markets launched Trading Social Network (TSN) on its Market*maker*™ platform. Many traders and investors are keen to communicate and share ideas and thoughts on the markets. This service was created to help them do just that, actively contributing to the whole CMC Markets experience.

Alongside TSN, CMC Markets also makes active use of other communication facilities to help its international customer network keep in touch. The Company has experimented with *Twitter* and *Facebook* sites for its customer base and aims to continue to develop and support its active internet community as it evolves. CMC Markets is committed to enhancing customer-to-customer communication using emerging online technologies wherever possible.

Business overview continued

Education

CMC Markets believes it is important that customers are fully prepared to participate in the markets experience on offer. CMC Markets organises seminars and training courses all over the world for customers to attend at its network of offices and other venues. This ranges from initial free tuition on how to develop a trading plan, to more advanced courses on specialist subjects such as short-term trading strategies and the psychology of trading.

CMC Markets' Trading IQ guide won Product of the Year in 2008 from Shares Magazine. It is a modular series of lessons developed internally, and aims to equip customers with the knowledge and confidence to master **Market***maker*™, its market leading trading platform.

Trading IQ has been designed to make the process of trading as accessible as possible, using easy to understand concepts that help the newcomer to **Market***maker*™ comprehend financial markets and the products and services that CMC Markets offers.

Using Trading IQ, customers can gain experience in developing their own trading plans and market activity, enhancing their ability to use some of the most advanced technical analysis tools available, and allowing them to trade proactively in even the most challenging markets.

CMC Markets makes use of WebEx technology to host webinars for customers, allowing it to interact with them on a remote basis and, at the same time, giving them the kind of personal attention and support for their trading activities that is such a key part of the CMC Markets experience.

Business overview continued

Execution

Market*maker*™

Today it is possible to deliver technological solutions to a retail customer that only the leading banks and fund managers had access to a few years ago. CMC Markets' flagship trading platform, **Market***maker*™, has proven its credentials through tough market environments. Designed with the active trader in mind, it has a highly configurable interface that lets our customers follow the markets and positions they want to, while keeping up to date with news and analysis from around the world.

In 2005, CMC Markets took **Market***maker*™ out of the office by letting customers keep track of their positions while away from their computers via mobile devices. In a world on the move, customers want to react to sudden price movements - **Market***maker*: mobile™ is the solution.

Customer Support

CMC Markets has an absolute commitment to providing customers with the best possible experience when interacting with staff and products.

CMC Markets provides all its customers with an extensive range of information and support in the form of education packs, investor analysis, online forums, online chat, various help resources and a direct telephone line that takes them straight to the dealing floor.

The help desk team is able to provide assistance in several languages. CMC Markets has also invested in WebEx remote PC technology. It allows help desk representatives to run through live examples on a customer's PC and resolve any queries customers may have using a fully interactive hosted online environment. This enables them to deliver an enhanced level of active support to even the most remote customers.

CMC Markets does not use an automated answering telephone service, believing it is important that customers can reach a help desk representative by dialling one telephone number to have any query resolved. This level of support is 24 hours a day, seven days a week and, on average, telephone calls and online chat queries are answered within 20 seconds.

...on average, telephone calls and online chat queries are answered within 20 seconds.

Financial review

This year has seen record levels achieved across the key performance indicators of the business, with considerable growth in both the retail and partners businesses.

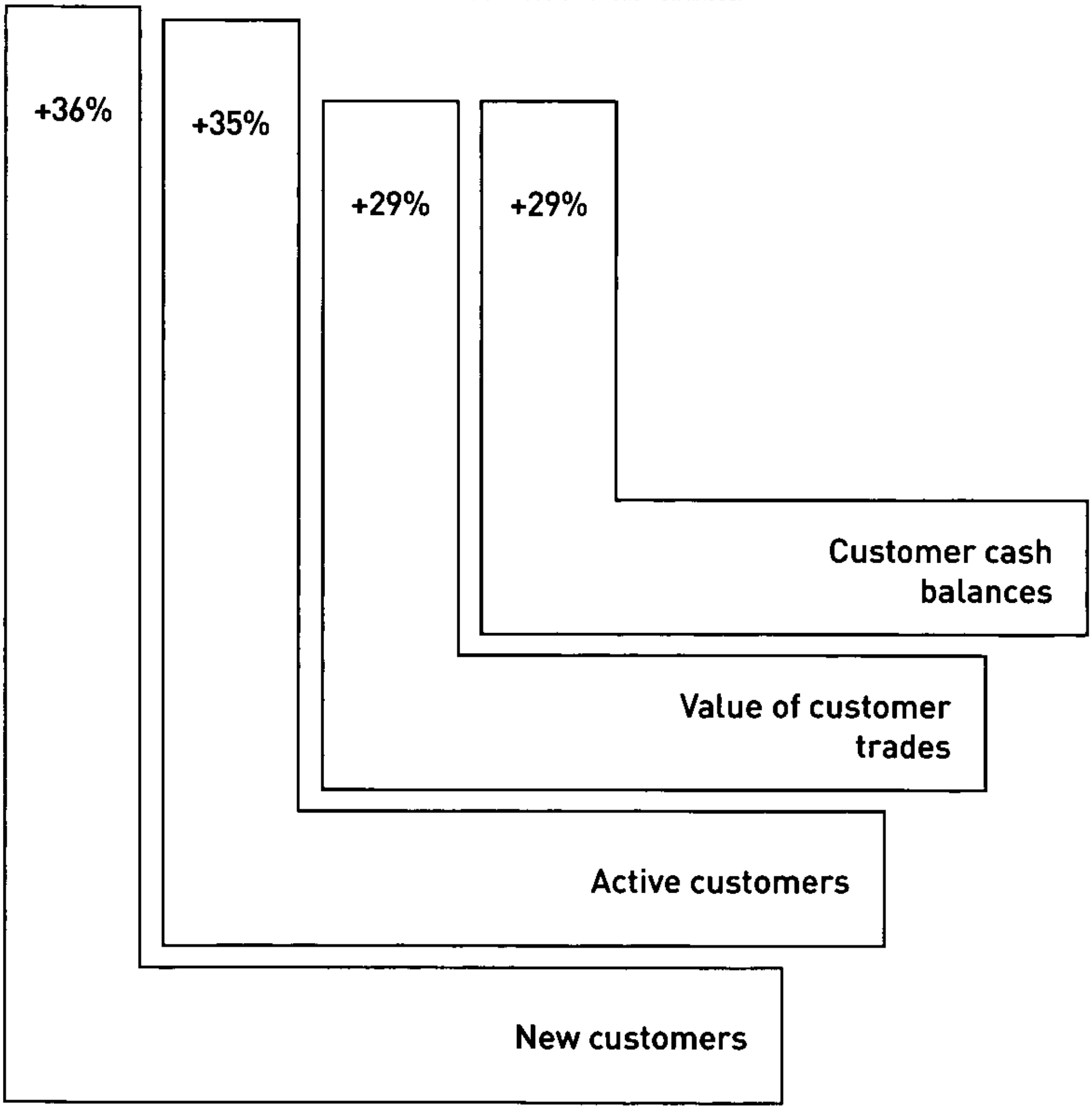
Financial review continued

Retail

The retail business offers a 24-hour sales and service network, with offices in many of the main financial centres across Europe, Canada, Asia, Australia and New Zealand.

In the second half of the year, the retail business model was restructured to create a central service hub in the UK, supporting all the regions, which has enabled the regional offices to focus on sales and the servicing of its customers.

The changes implemented to date have had an immediate impact, with the number of active customers up 35% year on year. Similar positive growth has been achieved in the number of new customers, value of customer trades and customer cash balances.



The number of active customers up 35% year on year

Canada

As part of its restructuring during the year, CMC Markets has reduced its focus on the North American market. The Group closed its FX retail operation in the US early in the financial year, as a result of regulations restricting its ability to provide retail CFD products. Consequently, the number of active customers has reduced by 12%. Canada, however, continues to make a strong contribution to the business and the Company sees significant potential in this market if the regulatory environment provides the opportunity to offer retail CFD products in the future. In this regard, it is pleasing to note that subsequent to the year end, permission has been granted to offer retail CFDs in the state of Quebec.

Europe

The Group has continued to build on its success as the leading CFD provider in Europe. Its core markets of the UK and Germany have not only consolidated the Group's market leading position, but new initiatives such as Trading IQ, its award-winning education tool, have driven real growth in market share. Investment and expansion into newer markets such as Scandinavia and Spain, have contributed to an overall 44% increase in active customers in the European region year on year.

Asia

The Group has a substantial presence in Japan and Singapore. These offices, plus an education centre in China, demonstrate CMC Markets' commitment to the Asian region, where the CFD industry is still in an embryonic state. This year has seen the Group establish stronger foundations and infrastructure in this region, with a particular focus on education. CMC Markets has seen exceptional growth in this market with an 80% increase in active customers and value of customer trades up 300%. It remains one of the largest opportunities for the Group.

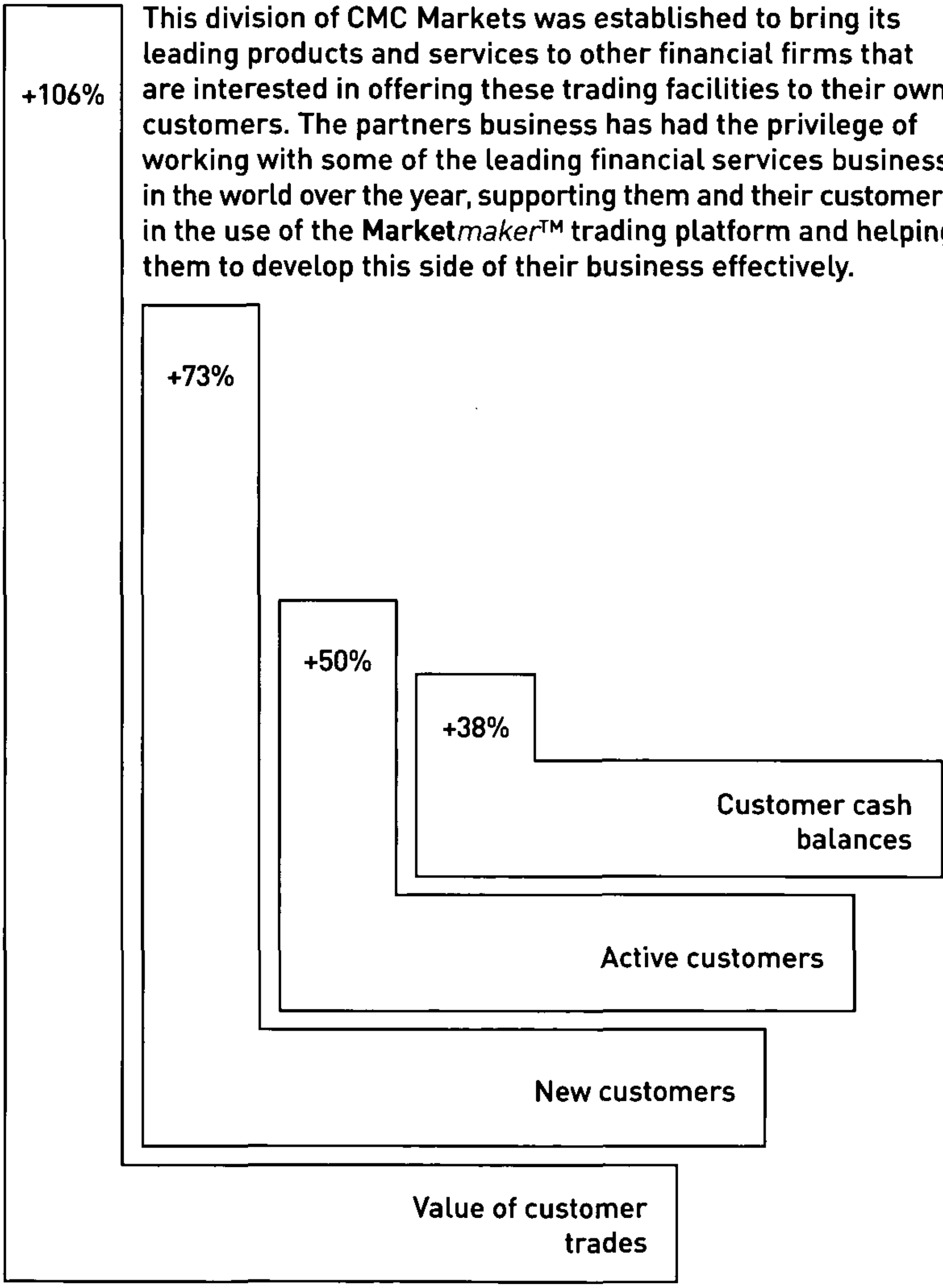
Australia & New Zealand

The Group has maintained its position as the No.1 CFD provider in this region and, with the integration of CMC Markets Stockbroking Limited (formerly Andrew West & Co. Limited), can now offer a larger range of physical and CFD products to its customers. CMC Markets is the only provider in this region with a combined front-end web proposition across this range of investment opportunities and this has had a very successful impact on Australian retail and partners markets. Active customers have increased by 11% compared to the prior year.

Financial review continued

Partners

This division of CMC Markets was established to bring its leading products and services to other financial firms that are interested in offering these trading facilities to their own customers. The partners business has had the privilege of working with some of the leading financial services businesses in the world over the year, supporting them and their customers in the use of the **Market***maker*™ trading platform and helping them to develop this side of their business effectively.



The partners business has been particularly successful this year and is becoming a key element in the growth strategy of the Group as a whole. The success of this business is built upon a global service offering, delivered by a central team supporting the regions. This level of customer focus, combined with an innovative product suite, has enabled the partners business to achieve new records in the number of new customers (up 73%), and active customers (up 50%), as well as significant increases in the value of customer trades and customer cash balances.

the number of active customers
up 50%

Financial review continued

Group revenue increased by 7% to £193.2m for the year ended 31 March 2009 (2008: £181.4m)

In what has been a challenging year in the financial markets, this level of growth is an excellent achievement considering the record levels in revenue growth achieved in the prior year.

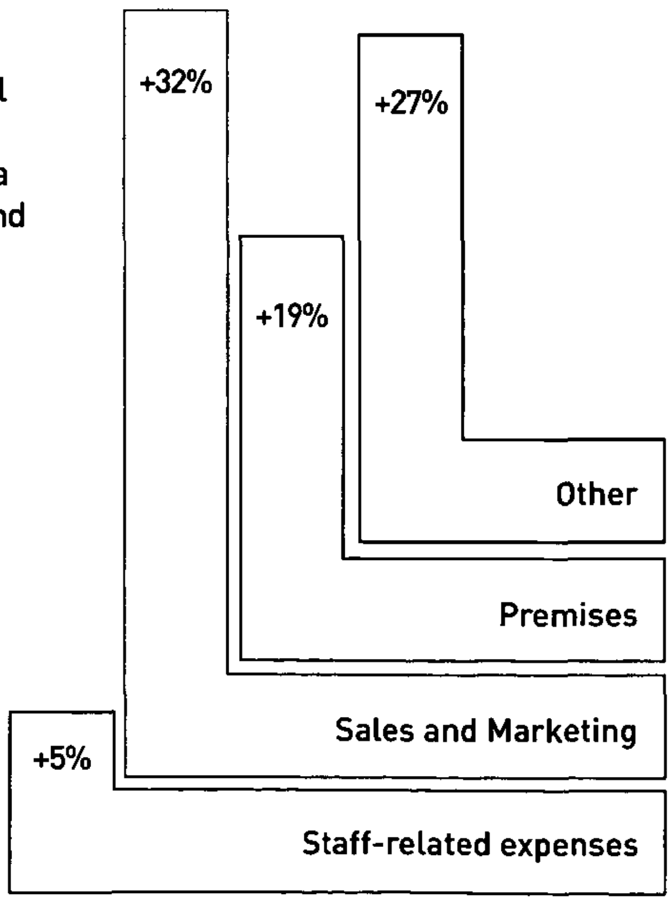
Operating expenses

During the year, the Board re-assessed the Group's business model to ensure it is appropriate for the next phase of its development. This has led to a number of operating changes in all locations as the operating model was transformed to a central hub in the UK, supporting the regions and the global partner network. There has also been a re-focus in the way IT development, control and other central functions support the business.

Operating expenses[1] increased by 28% to £132.9m for the year ended 31 March 2009. The first half of the financial year was a continuation of the expansion strategy started in 2007. Costs grew as new offices were established, staff hired and marketing activity increased, which resulted in increased numbers of new and active customers in these regions. In addition, changes in the senior management team led to a re-assessment of the Group's plans and the subsequent implementation of a new operating model in the second half of the financial year. Operating expenses also include losses on foreign exchange, reflecting the significant weakening of Sterling in the period.

Staff-related expenses represent the largest single expense of the Group and include employee benefits, recruitment costs, training and other staff welfare expenses. Although average headcount is higher for this year at 1,063 compared to 909 for the prior year, the year-end headcount demonstrates the impact of the restructuring programme. Headcount was 879 at 31 March 2009 (2008: 1,064). Overall staff-related expenses grew by 5% over the prior year.

[1] Excluding exceptional items.



Sales and marketing costs have increased as a proportion of revenue in the year to 12%, from 10% last year, reflecting the launches and expansion of new office locations, the highly successful Trading IQ campaign and the investment in the partners business.

Premises costs represent 8% of operating expenses and have grown by 19% to £10.2m this year. This reflects the new offices operating for a full year and the opening of a new data centre in the UK, which is a custom built facility to support our technology infrastructure.

Other costs have largely increased in line with the above expense categories, reflecting the cost of opening and running the new offices and full-year running costs of the companies acquired in the previous year. Despite unprecedented volatility seen in the markets during this financial year, the Group has maintained strict management of its credit control procedures. Whilst bad debt expense increased to £3.2m for the year (2008: £1.1m), this represents an excellent performance in a difficult market environment.

In addition, operating expenses include the impact of foreign exchange losses of £11.8m (2008: gain of £4.5m), reflecting the impact of weakening Sterling on its corporate asset and liability positions during the year.

EBITDA

EBITDA (earnings before interest, tax, depreciation and amortisation) for the Group was £25.3m (2008: £69.3m) and was significantly impacted by the exceptional items described below. The Group's adjusted EBITDA (before exceptional items) decreased by 22% to £60.3m in the year and the adjusted EBITDA margin reduced from 42.6% to 31.2%. The restructuring programme during the latter half of the year, has provided a more solid foundation for future growth and earnings quality.

Exceptional items

Exceptional items represent material non-recurring income or expenditure. During the year, operating expenses included £51.3m of exceptional items (2008: £7.9m).

As previously noted, the Board has taken steps to restructure and re-focus the business for the next phase of its development. As part of this process, the Board has reviewed the structure, headcount and cost base of the operating model as it centralises a number of functions and enhances the control framework. As a result, the Group has incurred a number of costs that are deemed exceptional by virtue of their non-recurring nature and size. These restructuring costs total £26.0m and include redundancy and other employee termination costs, premises-related costs as a result of office closures, office moves or reduction in utilised space in existing office locations and restructuring the treasury management of foreign exchange exposures.

The Group has reviewed the carrying value of goodwill and intangible assets in the light of the current economic environment and future outlook and has impaired these assets by £16.3m.

Charitable donations of £8.5m (2008: £3.1m) made during the year to The Peter Cruddas Foundation, have been treated as exceptional charges due to their size and nature. The aim of the foundation is to help young people from disadvantaged backgrounds.

The charge in respect of the employee share-based payment plans issued prior to the proposed IPO in 2006 is included within exceptional items and totals £0.5m for the year (2008: £4.8m).

Full details of the exceptional items for the year ended 31 March 2009 are set out in Note 7 of the Financial Statements.

Taxation

For the year ended 31 March 2009, the Group taxation charge of £0.3m (2008: £17.4m) represented an effective tax rate of 2% (2008: 30.4%). Full details of the tax charge are set out in Note 11 of the Financial Statements.

Balance sheet

The Group has net assets of £89.7m at 31 March 2009 (2008: £104.3m). The Group continues to invest in its proprietary software platform, **Market***maker*™, and other technology to support the continued development of the business. Intangible assets comprise £44.5m (2008: £50.4m) of the net assets of the business and are described in more detail in Note 15 of the Financial Statements.

The reduction in net assets from the prior year reflects the loss for the year which has been impacted by the charge for exceptional items associated with the restructuring programme noted above.

Liquidity and capital resources

At 31 March 2009, the Group held total cash balances of £314.9m (2008: £259.8m) which includes £196.8m (2008: £151.8m) held in client money accounts for customers. The movement in Group cash is set out in the Consolidated Cash Flow Statement.

Regulatory capital

CMC Markets is supervised on a consolidated basis by the UK's Financial Services Authority. The Group maintained a significant surplus capital over the regulatory capital requirement throughout the year. At 31 March 2009, the capital resources represented 137% (2008: 124%) of the capital resources requirement. See Note 25 to the Financial Statements for further details.

Directors' report

The Directors of CMC Markets Plc present their report together with the audited Financial Statements of the Group for the year ended 31 March 2009.

Principal activities

The Group is an online financial services group and acts as a principal and market maker to its customers in foreign exchange, derivatives (including share and index CFD trading and options) and financial spread betting. The Group offers an internet 'white-label' trading platform through its Global Partners Division. The Group also provides financial information and stockbroking services.

Business review

The Group is required to provide a fair review of its business, a description of the principal risks and uncertainties faced and a balanced analysis of its performance. The analysis should be consistent with the size and complexity of the Group and indicate how this performance is measured using financial and other key performance indicators.

A detailed review of the business is contained in the CEO's Statement on pages 2 to 5, the Business Overview on pages 6 to 17 and the Financial Review on pages 18 to 25.

Objective and strategy

The Group's objective is to become the leading global online financial services business. To achieve this, an overall strategy of creativity and entrepreneurial spirit in a controlled environment has been adopted. Aiming for excellence in its current businesses and diversifying in a sensible and appropriate manner are applied to deliver this strategy.

Summary of results

Financial highlights are set out on page 1 and the results for the financial year are shown in the Consolidated Income Statement on page 34. No dividends were paid during the year, or recommended in respect of the year (2008: £10.0m).

Principal risks and uncertainties and risk management

The Group's activities expose it to financial and operational risks. The aims of the risk function are to co-ordinate the management and reporting of risks, to provide challenge and oversight of risk management undertaken by business functions and to ensure that enterprise risk management is integrated into day-to-day business activities. It aims to minimise the impact of matters beyond the control of the Group and to ensure that other key risks are managed within the risk appetite agreed by the Board.

Financial risks, including market, credit and liquidity risks, are detailed and reviewed in Note 24 to the Financial Statements.

The principal operating risks comprise:

Business continuity risk

Business continuity risks include the unavailability of employees, premises or services due to a variety of possible events, some of which are outside the Group's control. The Group regularly tests business continuity and IT systems recovery procedures to ensure that they are suitable and business continuity plans include consideration of third party relationships.

Fraud risk

The Group has a number of systems and controls in place to detect, prevent and reduce the impact of fraud in order to protect the assets of the Group and its customers.

Information risk

Information risk is the threat to the confidentiality, integrity and availability of data held by the Group. Protection of personal information provided by customers and employees is also a key concern.

Technical and procedural controls are implemented to minimise the occurrence of information security and data protection breaches.

IT risk

Technology is a critical part of the Group's business and the maintenance and upgrade of systems to facilitate the changing requirements of its customers is an essential process.

System failures would expose the Group to significant reputational risk, potential lost revenue and complaints. Additionally, the impact on competitive advantage through inadequate systems development and implementation is a continuing operational risk. Design, testing and implementation processes are in place to ensure that IT risk is reduced appropriately.

People risk

People risk includes the loss of key skills, the impact of business restructuring on employees, the risk of loss of key individuals and inadequate development, succession or resource planning. The global human resources function takes the lead in the identification and management of these risks to ensure that a talented and motivated workforce is maintained.

Regulatory and compliance risk

The Group must satisfy a number of regulatory requirements in many jurisdictions and has implemented a programme of active monitoring to ensure that standards are met consistently. This is an integral part of the Group's overall risk management approach.

Other operational risks

Other operational risks include the Group's exposure to legal and litigation risks, the failure of counterparties and any other action or occurrence over which it has little or no control but which may affect its reputation with customers and the business community. It also includes the strategic risks related to peer group competition and business growth.

The Group defends its business and good reputation through legal process when necessary and monitors key third party and supplier relationships.

Management of risk

The executive management of CMC Markets is responsible for oversight of the Group wide risk management process, which includes identification, assessment, risk treatment (such as implementation of new controls or transference of risk to the insurance market), monitoring and reporting.

Close control of risk and its management during the year under review was effected by the Group Financial Risk and Group Operations Risk Committees, both of which are management committees, reporting through the Group Risk Committee to senior management and the Board. Further information on the structure and workings of these committees is included in the Corporate Governance Report on pages 30 to 32.

General

Capital structure

The Company's share capital comprises Ordinary shares of 25 pence each and Deferred shares of 25 pence each. At 31 March 2009, the number of shares in issue was 255,525,502 Ordinary and 559,574 Deferred. There were no issues of shares during the current or prior year. Each Ordinary share carries one vote. Deferred shares have no voting rights.

During the year, 49,993 Ordinary shares were transferred to two employees from the CMC Markets 2007 Employee Benefit Trust (EBT) at a fair value of £4.5005 per share. At 31 March 2009, the remaining 1,272,502 Ordinary shares (0.5% of the total issued Ordinary shares) were treated as own shares held in trust and represent shares held to satisfy awards under future employee incentive schemes. Since the year end, 49,993 Ordinary shares have been repurchased by the EBT and 26,689,872 Ordinary shares were issued on the 22 July 2009 (see Note 35).

Charitable and political donations

Charitable donations of £8.5m (2008: £3.1m) were made during the year. No political donations were made during the year (2008: nil).

Employee information

Involvement

The Group encourages the involvement of staff through regular meetings between managers and employees and circulates information of interest to staff. The Group runs an intranet platform on which articles on developments in the Group and employee information are published.

Disabled persons

The Group will employ disabled persons where they appear to be suitable for a particular vacancy and every effort is made to ensure that disabled applicants are given full and fair consideration when they apply for such vacancies. The number of disabled persons employed during the year was nil (2008: 1).

Directors

Details of the Directors who served throughout the year and their executive positions during the year are set below:

Peter Cruddas	Executive Chairman
Jim Pettigrew	Chief Executive Officer (CEO)
Doug Richards	Chief Financial Officer (CFO) and Chief Operating Officer (COO)
Jan Boomaars	Non-executive Director
John Jackson	Non-executive Director
Simon Waugh	Non-executive Director

Jim Pettigrew resigned as a director and CEO on 1 July 2009. Peter Cruddas relinquished his role as Executive Chairman on 1 July 2009 and was appointed CEO on that date. Jan Boomaars resigned as a director on 7 July 2009.

Other Directors who served during the year are shown below, together with their relevant date of resignation as directors:

John Ersser	(resigned 9 September 2008)
Roger Hynes	(resigned 5 September 2008)
Geoffrey Langham	(resigned 15 September 2008)
David Trew	(resigned 27 November 2008)

Information on the Board's activities is included in the Corporate Governance Report on pages 30 to 32.

Directors' report continued

Statement of directors' responsibilities
A report on the directors' responsibilities is set out on page 29.

Directors' statement on disclosure of information to auditors
The Directors in office on 23 July 2009 have confirmed that, as far as they are aware, there is no relevant information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Going concern
Having given due consideration to the nature of the Group's business, the Directors consider that the Company and the Group are a going concern and the Financial Statements are prepared on that basis. This treatment reflects the reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future and the consideration of the various operational risks set out above and financial risks described in Note 24 to the Financial Statements.

Policy on payment of creditors
It is Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms, based on timely receipt of an accurate invoice. Trade creditor days for the Group, based on creditors as of 31 March 2009, were 28 days (2008: 45 days).

Corporate social responsibility
The Group believes that high standards of corporate social responsibility make good business sense and have the potential to enhance returns. The nature of its business means that the Group's main impact on the environment is energy consumption and travel, both by business travel and by staff attending the Group's offices. Energy saving measures are included in the considerations of systems design and in office practices across the Group which have included extensive investment in video conferencing facilities.

Annual general meeting
Notice of the 2009 Annual General Meeting (AGM) is set out on page 68. In addition to the ordinary business, it is proposed that a resolution will be put to the meeting to approve the conversion of 1,163,673 Ordinary shares to Deferred shares in accordance with the terms of grant to employees who have left the Group and to authorise the purchase of those shares by the Company.

Resolutions are also included in the notice of meeting to give the Directors authority for the maximum statutory permitted period of five years to allot the unissued shares of the Company. The resolutions include a power to issue shares wholly for cash on a non pre-emptive basis.

Auditors
Baker Tilly UK Audit LLP has indicated their willingness to continue in office and a resolution proposing re-appointment and authorising the Directors to determine auditor remuneration will be put to the AGM.

By order of the Board,

P.A. Cruddas

Peter Cruddas
Chief Executive Officer
23 July 2009

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

UK Company Law requires the Directors to prepare group and company financial statements for each financial year. The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Parent Company (the Company) Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

The Group Financial Statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company Financial Statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and Company 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;
- for the Group Financial Statements, state whether they have been prepared in accordance with IFRS adopted by the EU; and for the Company Financial Statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of 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 corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate governance report

The Directors and senior management of CMC Markets are fully aware of the benefits of robust and effective corporate governance. Apart from the evident advantages that clarity of responsibility and accountability bring to management, the value it adds to commercial activities is acknowledged.

The Board has put in place a governance structure which it believes is appropriate for the operations of an online financial services group and reflects the size and stage of development of the business. Although not required to meet listed company corporate governance principles and practices, they are followed as far as is practical. The position is regularly reviewed and monitored by the Board which continues updating the structures, processes and procedures to embed good corporate governance throughout CMC Markets' management. The position is regularly reviewed and monitored by the Board.

Board responsibilities

The Board has overall responsibility for the Group's affairs. It comprises two executive and two non-executive directors. The Non-executive Directors are considered independent. The calibre of the Non-executive Directors and their number is regarded as more than capable of carrying sufficient weight in the Board's decision making. The Directors believe that the Board has a balance of skills, experience and service to provide effective strategic leadership and proper governance of the Company. The current composition of the Board is considered appropriate for the full and proper discharge of its responsibilities. The Articles of Association of the Company do not require the Directors to retire by rotation.

The Board is responsible for the management of the Group, setting strategic aims and determining policy. The role of the Chief Executive Officer (CEO) is defined in writing and has been approved by the Board. Supported by senior executives, the CEO is resposible for the implementation of the Group's strategies, policies and delivery of its business objectives. The CEO, Chief Operating Officer (COO) and senior executives manage operations on a day-to-day basis and are in frequent contact with each other. Key performance indicators are included in the performance evaluation process of executive directors and other senior executives and are used in determining their remuneration.

A statement of the directors' responsibilities in respect of the Financial Statements is set out on page 29 and statements regarding the use of the going concern basis for preparation of the Financial Statements and the disclosure of information to the auditors is included in the Directors' Report on page 26.

The Board has a formal schedule of matters specifically reserved to it which includes:

- setting strategic aims, values and standards to promote the Company's interests;
- control and oversight of business management;
- setting risk parameters and final overall risk management;
- ensuring adequate financial and human resources;
- meeting obligations to shareholders and stakeholders;
- providing guidance and direction to subsidiaries' management;
- establishment and maintenance of effective systems and controls for:
  - compliance with applicable requirements of regulatory systems;
  - countering the risk of use of the Group to further financial crime;
  - identifying, measuring, managing and controlling risks;
  - ensuring business continuity; and
  - ensuring adequate records are maintained.
- delegation of authority where appropriate, receiving reports and recommendations from Board Committees and monitoring discharge of delegated authorities; and
- final approval of policies relating to its business operations and staff including health and safety, remuneration and communications.

All the Directors regularly receive full and timely information required to enable them to perform their role. The Board met ten times in the year as well as convening to determine strategy and to discuss particular issues which required its attention. Each Director has access to the advice and services of the Company Secretary. Directors receive appropriate training on appointment and as necessary during their service and also receive regular briefings from executive management on proposed developments or changes to the law or regulations that affect the Group. The Directors may take independent professional advice at the Group's expense and directors' and officers' liability insurance is in place.

Board committees

During the year, the Board committees were the Audit, Nomination and Remuneration Committees. At management level, the Group Risk Committee was supported by the Group Financial Risk and Group Operations Risk Committees. Subsidiary companies in the Group have their own committees as required by their regulators or considered necessary for proper governance.

Audit committee

The Audit Committee is chaired by Simon Waugh, who has recent and relevant financial experience, and the other member is John Jackson. It may require attendance by senior executive management and regular attendees include the CFO, Head of Finance, Head of Internal Audit and the Head of Compliance. Representatives of the external auditors attend meetings when financial results are under consideration. It meets at least three times a year. The Audit Committee's authority extends to seeking information from employees, all of whom are required to co-operate with any request from the Committee.

The duties of the Committee are set out in written terms of reference approved by the Board which include:

- the review of the annual financial statements before submission to the Board, which also contain the Company's statement on internal controls systems and going concern assumption;
- to determine the nature and scope of the external audit, to review the external auditor's management letter, their fee, independence and quality control and to consider major findings of external and internal audit and management's response;
- to oversee the process of external auditor selection and make recommendations through the Board to shareholders;
- to review the internal audit programme and ensure that the function is properly resourced, directed and supported;
- to review the policies and processes for identifying, assessing and managing business risks and to monitor control of those areas of risk identified throughout the Group; and
- to review reports on the effectiveness of systems for internal financial control, reporting and risk management.

Nomination and remuneration committee

These Committees, both chaired by John Jackson with Simon Waugh as a member have, since the year end, been combined. Invitations to attend may be extended to senior executive management and regular attendees include the CEO and the Head of Human Resources. Meetings are held at least twice a year and written terms of reference as approved by the Board include:

- to consider appointments to the Board and lead the process for making appointments to the Board;
- to ensure plans are in place for orderly succession to the Board and other senior appointments (responsibility for senior appointments is vested in the CEO);
- to determine and agree with the Board, the policy for the remuneration of the Executive Directors and other senior executive managers as it is designated to consider, to ensure that appropriate remuneration, benefits and incentives are in place to attract and retain high calibre directors and senior executive management and to encourage enhanced performance;
- to review the design and targets for any Group performance related pay schemes and to approve total annual payments under these; and
- to review the structure of share incentive plans, the performance targets to be used and to determine the overall amounts of awards from these and the individual awards to Executive Directors and other senior executives.

Management committees, capital management and internal controls

Relevant members of executive management, including Executive Directors, attended regular meetings of the Group Risk Committee and its specialised supporting Group Financial Risk and Group Operations Risk Committees. Each has its terms of reference approved by the Board and is jointly responsible for monitoring risks identified and reported by the risk function, ensuring proper action is taken to mitigate those risks identified and to meet the risk appetite approved by the Board. Regular reports were made to the Audit Committee and the Board.

Two of the Group's UK operating subsidiaries are regulated by the Financial Services Authority and minimum levels of capital must be maintained both by the individual companies and the Group. Monitoring and management of these requirements is carried out by specialist executives in the finance and risk functions, meeting frequently with a direct reporting line to the Directors. Further information on regulatory capital is included in Note 25 to the Financial Statements.

The on-going process of identifying, evaluating and managing the risks facing the Group is co-ordinated by the risk function. This process has been in place for the full year under review and to the date of the approval of the Annual Report. The Group's approach to the management of key financial risks including market, credit and liquidity risks, is set out in Note 24 to the Financial Statements.

The Board, through the Audit Committee, is ultimately responsible for the Group's systems of internal control, covering financial, operational and compliance controls and risk management systems. The effectiveness of these is reviewed twice a year. The systems can only manage, rather than eliminate, the risk of failure to achieve the objectives, the implementation of strategy and the risk of material misstatement or loss.

Corporate governance report continued

Governance review

A review of the governance structure of the Group was initiated following the end of the year under review.

Revisions to improve its effectiveness and further enhance good corporate governance will be introduced during 2009.

Company meetings

The Executive Directors and the Chairmen of the Audit and Nomination and Remuneration Committees will be available to answer questions at the 2009 Annual General Meeting.

The Notice of the Annual General Meeting and related papers are sent to shareholders at least 21 clear days before the meeting.

Regulation

CMC Markets' worldwide regulated entities and the relevant regulatory authorities are:

CMC Markets entity	Financial services regulator(s)
CMC Markets UK Plc	(i) Financial Services Authority (FSA) (ii) Ontario Securities Commission (iii) South Africa Financial Services Board
CMC Markets UK Plc - branches	
Austria	(i) FSA (UK) (ii) Finanzmarktaufsicht (Austria)
Germany	(i) FSA (UK) (ii) Bundesanstalt fur Finanzdienstleistungsaufsicht (Germany)
Norway	(i) FSA (UK) (ii) Kredittilsynet (Norway)
Republic of Ireland	(i) FSA (UK) (ii) Financial Services Regulatory Authority (Ireland)
Spain	(i) FSA (UK) (ii) Comisión Nacional del Mercado de Valores (Spain)
Sweden	(i) FSA (UK) (ii) Finansinspektionen (Sweden)
Beijing Representative Office of CMC Markets UK Plc	China Banking and Regulatory Commission
CMC Spreadbet Plc	FSA (UK)
Republic of Ireland Branch of CMC Spreadbet Plc	(i) FSA (UK) (ii) Financial Services Regulatory Authority (Ireland)
Digital Look Limited	FSA (UK)
CMC Markets Asia Pacific Pty Limited	(i) Australian Securities and Investments Commission (ASIC) (ii) Ontario Securities Commission
CMC Markets Pty Limited	ASIC
CMC Markets Stockbroking Limited	(i) ASIC (ii) Australia Stock Exchange
CMC Markets Canada Inc.	(i) Investment Industry Regulatory Organization of Canada (ii) Ontario Securities Commission (iii) British Columbia Securities Commission
CMC Markets Asia Limited	Securities and Futures Commission (Hong Kong)
CMC Markets Japan KK	(i) Financial Services Agency (ii) Financial Futures Association of Japan (iii) Japanese Securities Dealers Association
CMC Markets NZ Limited	New Zealand Securities Commission
CMC Markets Singapore Pte Limited	Monetary Authority of Singapore

Independent auditor's report

We have audited the Group and Parent Company Financial Statements on pages 34 to 65. This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report, and the Group Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and for preparing the Parent Company Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements. The information given in the Directors' Report includes that specific information presented in the CEO's Statement, Business Overview and Financial Review that is cross referenced from the business review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Highlights, the CEO's Statement, the Business Overview, the Financial Review, the Directors' Report, the Statement of Directors' Responsibilities and the Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- the Group Financial Statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the Group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the Parent Company Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 March 2009;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST
23 July 2009

Consolidated income statement

For the year ended **31 March 2009**

Continuing operations	Notes	Before amortisation of intangibles arising on consolidation and exceptional items £m	Amortisation of intangibles arising on consolidation (Note 15) £m	Exceptional items (Note 7) £m	Total £m
Revenue	4	193.2	-	-	193.2
Operating expenses		(132.9)	-	(35.0)	(167.9)
EBITDA[1]		**60.3**	**-**	**(35.0)**	**25.3**
Depreciation and amortisation		(15.7)	(6.7)	-	(22.4)
Impairment of intangible assets and goodwill	7	-	-	(16.3)	(16.3)
Operating profit/(loss)	6	**44.6**	**(6.7)**	**(51.3)**	**(13.4)**
Finance income	9	1.5	-	-	1.5
Finance costs	10	(3.2)	-	-	(3.2)
Profit/(loss) before taxation		**42.9**	**(6.7)**	**(51.3)**	**(15.1)**
Taxation	11	(9.4)	-	9.1	(0.3)
Profit/(loss) for the year attributable to equity holders of the parent company		**33.5**	**(6.7)**	**(42.2)**	**(15.4)**
Earnings per share					
Basic (p)	12				(6.1) p
Diluted (p)	12				(6.1) p

[1] Earnings before interest, tax, depreciation and amortisation.

Consolidated income statement

For the year ended **31 March 2008**

Continuing operations	Notes	Before amortisation of intangibles arising on consolidation and exceptional items £m	Amortisation of intangibles arising on consolidation (Note 15) £m	Exceptional items (Note 7) £m	Total £m
Revenue	4	181.4	-	-	181.4
Operating expenses		(104.2)	-	(7.9)	(112.1)
EBITDA[1]		**77.2**	**-**	**(7.9)**	**69.3**
Depreciation and amortisation		(12.5)	(1.3)	-	(13.8)
Operating profit/(loss)	6	**64.7**	**(1.3)**	**(7.9)**	**55.5**
Finance income	9	2.3	-	-	2.3
Finance costs	10	(0.6)	-	-	(0.6)
Profit/(loss) before taxation		**66.4**	**(1.3)**	**(7.9)**	**57.2**
Taxation	11	(20.1)	0.3	2.4	(17.4)
Profit/(loss) for the year attributable to equity holders of the parent company		**46.3**	**(1.0)**	**(5.5)**	**39.8**
Earnings per share					
Basic (p)	12				15.6 p
Diluted (p)	12				15.6 p

[1] Earnings before interest, tax, depreciation and amortisation.

Consolidated balance sheet

As at **31 March 2009**

	Notes	2009 £m	2008 £m
ASSETS			
Non-current assets			
Goodwill	14	-	18.8
Intangible assets	15	44.5	50.4
Property, plant and equipment	16	19.7	19.0
Deferred tax assets	23	4.5	1.7
Total non-current assets		**68.7**	**89.9**
Current assets			
Investments	17	0.4	24.2
Trade and other receivables	18	22.8	12.6
Cash and cash equivalents	32(b)	118.1	108.0
Total current assets		**141.3**	**144.8**
Total assets		**210.0**	**234.7**
LIABILITIES			
Current liabilities			
Trade and other payables	19	68.9	74.2
Deferred consideration	20	1.7	3.5
Borrowings	21	-	0.5
Current tax payable		-	5.6
Short-term provisions	22	4.3	3.8
Total current liabilities		**74.9**	**87.6**
Non-current liabilities			
Deferred consideration	20	-	8.4
Deferred tax liabilities	23	6.6	8.8
Borrowings	21	38.8	25.6
Total non-current liabilities		**45.4**	**42.8**
Total liabilities		**120.3**	**130.4**
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital	26	64.0	64.0
Own shares held in trust	26	(3.7)	(3.9)
Translation reserve	28	7.9	1.5
Net investment hedging reserve	29	(6.3)	-
Merger reserve		(47.8)	(47.8)
Retained earnings	30	75.6	90.5
Total equity		**89.7**	**104.3**
Total equity and liabilities		**210.0**	**234.7**

Approved by the Board of Directors and authorised for issue on 23 July 2009.

P.A. Cruddas

Peter Cruddas,
CEO

Doug Richards,
CFO/COO

Consolidated statement of changes in equity

For the year ended **31 March 2009**

	Notes	Share capital £m	Own shares held in trust £m	Translation reserve £m	Net investment hedging reserve £m	Merger reserve £m	Retained earnings £m	Total equity[1] £m
Balance at 1 April 2007		**64.0**	**-**	**-**	**-**	**(47.8)**	**55.9**	**72.1**
Currency translation differences	28	-	-	1.5	-	-	-	1.5
Net income recognised directly in equity		**-**	**-**	**1.5**	**-**	**-**	**-**	**1.5**
Profit for the year	30	-	-	-	-	-	39.8	39.8
Total recognised income for the year		**-**	**-**	**1.5**	**-**	**-**	**39.8**	**41.3**
Dividends	13	-	-	-	-	-	(10.0)	(10.0)
Share-based payment charge	27	-	-	-	-	-	4.8	4.8
Acquisition of own shares held in trust	26	-	(3.9)	-	-	-	-	(3.9)
Balance at 31 March 2008		**64.0**	**(3.9)**	**1.5**	**-**	**(47.8)**	**90.5**	**104.3**
Currency translation differences	28	-	-	6.4	-	-	-	6.4
Loss on net investment hedges	29	-	-	-	(6.3)	-	-	(6.3)
Net income and (expense) recognised directly in equity		**-**	**-**	**6.4**	**(6.3)**	**-**	**-**	**0.1**
Loss for the year	30	-	-	-	-	-	(15.4)	(15.4)
Total recognised income and (expense) for the year		**-**	**-**	**6.4**	**(6.3)**	**-**	**(15.4)**	**(15.3)**
Share-based payment charge	27	-	-	-	-	-	0.5	0.5
Disposal of own shares held in trust	26	-	0.2	-	-	-	-	0.2
Balance at 31 March 2009		**64.0**	**(3.7)**	**7.9**	**(6.3)**	**(47.8)**	**75.6**	**89.7**

[1] Total equity is attributable to equity holders of the parent company.

Consolidated cash flow statement

For the year ended **31 March 2009**

	Notes	2009 £m	2008 £m
Cash flows from operating activities			
Cash generated from operations	32(a)	42.3	51.1
Finance income	9	1.5	2.3
Tax paid		(16.2)	(13.5)
Net cash from operating activities		**27.6**	**39.9**
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)		-	(26.6)
Purchase of property, plant and equipment	16	(7.0)	(10.7)
Development of software and purchase of software licences	15	(16.7)	(16.5)
Acquisition of trading and broking licences	15	(0.3)	(1.4)
Acquisition of other intangibles	15	-	(0.1)
Deferred consideration paid	20	(2.9)	-
Net cash used in investment activities		**(26.9)**	**(55.3)**
Cash flows from financing activities			
Issuance of subordinated debt	21	10.0	25.0
Acquisition of own shares held in trust	26	-	(3.9)
Loss on net investment hedges	29	(6.3)	-
Dividends paid	13	-	(10.0)
Net cash from financing activities		**3.7**	**11.1**
Net increase/(decrease) in cash and cash equivalents		**4.4**	**(4.3)**
Cash and cash equivalents at the beginning of the year		**108.0**	**111.1**
Effect of foreign exchange rate changes		5.7	1.2
Cash and cash equivalents at the end of the year	32(b)	**118.1**	**108.0**
Cash movement on client money	32(b)	**45.0**	**46.5**

CMC Markets Plc – Notes to consolidated financial statements

CMC Markets Plc - Notes to parent company financial statements

Notes to consolidated financial statements

1. General information

Corporate information
CMC Markets Plc (the Company) is a company incorporated and domiciled in England and Wales under the Companies Act 1985. The nature of the operations and principal activities of the CMC Markets Plc group (the Group) are set out in Note 4.

Functional currency
The Financial Statements are presented in Sterling since this is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in Note 3.

2. Adoption of new and revised standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The following interpretation issued by the International Financial Reporting Interpretations Committee (IFRIC) is effective for the first time in the current financial year and has been adopted by the Group:

IFRIC 11 IFRS 2 – *Group and Treasury Share Transactions*

The adoption of this Standard has not led to any changes in the Group's accounting policies.

At the date of authorisation of these Financial Statements, the following new Standards and Interpretations relevant to the Group were in issue but not yet effective and have not been applied to these Financial Statements:

- IFRS 2 - *Share-based Payment – Vesting Conditions and Cancellations*
- IFRS 3 - *Business Combinations*
- IFRS 7 – *Financial Instruments: Disclosure*
- IFRS 8 - *Operating Segments*
- IAS 1 - *Presentation of Financial Statements*
- IAS 23 - *Borrowing Costs*
- IAS 27 - *Consolidated and Separate Financial Statements*
- IAS 32 - *Financial Instruments: Presentation/IAS 1 Presentation of Financial Statements relating to puttable financial instruments and obligations arising on liquidation*
- IAS 39 - *Financial Instruments: Recognition and Measurement and Eligible Hedged Items*
- IFRIC 16 - *Hedges of a Net Investment in a Foreign Operation*
- IFRIC 17 - *Distributions of Non-cash Assets to Owners*

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group, except for:

- the treatment of acquisition of subsidiaries when IFRS 3 comes into effect for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009;
- additional segment disclosure when IFRS 8 comes into effect for periods commencing on or after 1 January 2009; and
- changes to the presentation of financial statements including revised titles for the primary statement, although companies may continue to use the existing titles, when IAS 1 comes into effect for periods commencing on or after 1 January 2009.

3. Summary of significant accounting policies

Basis of accounting
The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and International Financial Reporting Interpretations Committee (IFRIC) and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The financial information is rounded to the nearest hundred thousand (expressed as millions to one decimal place - £m), except where otherwise indicated. The principal accounting policies adopted are set out below.

Use of estimates
The preparation of financial information in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates and are as follows:

Acquisitions
When acquiring a business, the Directors have to make judgements and best estimates about the fair value allocation of the purchase price. The Directors seek appropriate competent and professional advice before making any such allocations and test the valuation of goodwill on an annual basis and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. These tests require the use of estimates.

Impairment reviews
The Group tests annually whether goodwill and other intangibles have suffered any impairment. The recoverable amounts of cash-generating units (CGUs) are determined using value-in-use calculations. These calculations require the use of estimates.

Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Basis of consolidation
The consolidated financial information incorporates the financial information of the Company and its subsidiaries made up to 31 March each year. The consolidated Group presented is comprised principally of the entities listed in Note 38, as if the Group had always consisted of these entities.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The pooling of interests (merger) method of accounting was adopted for the group reorganisation in 2006 as it fell outside the scope of IFRS 3: *Business Combinations*. The Directors adopted the pooling of interests as they believed it best reflected the true nature of the Group. For all other business combinations, purchase method accounting has been applied.

Under purchase accounting, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-company transactions and balances between Group enterprises are eliminated on consolidation.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, at the date of acquisition.

Goodwill is recognised as an asset and is reviewed for impairment at least annually, or when changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed. Goodwill arising on acquisition is allocated to cash-generating units for purposes of impairment testing. Goodwill arising on the acquisition of subsidiaries is presented separately in the Consolidated Balance Sheet.

On disposal of a subsidiary, the attributed amount of unamortised goodwill, which has not been subject to impairment, is included in the determination of the profit or loss on disposal.

Intangible assets
Software and website development cost
Purchased software is recognised as an intangible asset at cost when acquired.

An internally generated intangible asset arising from the Group's software development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development costs of the asset can be measured reliably;
- sufficient resources are available to complete the development; and
- it is the Group's intention to complete the asset and use or sell it.

Where the above conditions are not met, costs are expensed as incurred.

Acquired both separately and from business combination
Intangible assets acquired separately are capitalised at cost and those from a business acquisition are capitalised at fair value at the date of acquisition. Following initial recognition, the cost model is applied to each class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on finite assets, this expense is taken to the Consolidated Income Statement. Intangible assets with indefinite useful lives are not amortised.

Intangible assets, excluding software and website development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. Intangible assets are tested for impairment annually, either individually or at the cash-generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

A summary of the amortisation policies applied to the Group's intangible assets is as follows:

Item	Amortisation Policy
Software (purchased or developed)	3 - 5 years
Software licences	Over life of licence
Customer relationships and lists	14 years
Website development	3 years
Trading and broker licences and trademarks	10 - 20 years

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Income Statement when the asset is derecognised.

Property, plant and equipment

Property, plant and equipment (PPE) is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided on all PPE at rates calculated to write-off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight-line basis over its expected useful life as follows:

Item	Depreciation Policy
Furniture, fixtures and fittings	5 years
Office equipment	5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its PPE and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less any cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case, the reversal of the impairment loss is treated as a revaluation increase. However, impairment losses relating to goodwill may not be reversed.

Revenue

Trading revenue represents profits and losses from client trading activity in foreign currency, derivatives and spread-betting and transactions undertaken to hedge these revenue flows. Gains and losses arising on the valuation of open positions to fair market value are recognised in revenue, as well as the gains and losses realised on positions which have closed.

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured.

Non-trading revenue represents commissions receivable from client trading activities, interest receivable on clients' money and broker trading deposits net of interest payable to clients and brokers, and the provision of financial and website development services provided to third parties. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Bank and other deposit interest received and interest paid is included in financing income and financing costs respectively.

Exceptional items

Exceptional items represent income or expenses, which based on their size, frequency and nature, have been separately disclosed to facilitate the assessment of the Group's underlying operating profitability.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories:

- 'fair value through profit or loss' (FVTPL);
- 'held-to-maturity' investments;

- 'available-for-sale'; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

For the year ending 31 March 2009, the Group does not hold any financial assets categorised as held-to-maturity investments (2008: £nil) or available-for-sale (2008: £nil).

Financial assets at FVTPL
Financial assets are classified as at FVTPL where the financial asset is either held for trading or is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset, other than a financial asset held for trading, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities, or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of disposal in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability, other than a financial liability held for trading, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities, or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities as at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments (fair value hedges), hedges of recognised assets and liabilities that are highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge transactions are accounted for as follows:

Fair value hedges
A fair value hedge is a hedge of changes in the fair value of a recognised asset or liability, an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment. The change in fair value of the hedging instrument is recognised in profit or loss. For a hedge of a firm commitment, the change in the fair value of the firm commitment is recognised as an asset or liability during the period of the hedge relationship.

Cash flow hedge
A cash flow hedge is a hedge of the exposure to the variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, or a highly probably forecast transaction. If the hedged instrument is a derivative, then the hedging instrument is measured at fair value with the effective portion of changes in its fair value recognised directly in equity. Any ineffective portion is recognised in profit or loss. If the hedging instrument is a non-derivative, the resulting gains or losses are only recognised in equity.

Hedges of net investments in foreign operations
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity in the net investment hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the foreign currency translation reserve are recognised in profit or loss on disposal of the foreign operation.

Borrowings
All loans and borrowings are initially recognised at cost, being the fair value of the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

Trade payables
Trade payables are not interest-bearing and are stated at fair value on initial recognition and subsequently at amortised cost.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event where it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Foreign currencies
Transactions denominated in currencies, other than the functional currency, are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies, are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

Such translation differences are recognised as income or expense in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Taxation
The tax expense represents the sum of tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial information and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases and hire purchase commitments

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments are recognised as an expense in the Consolidated Income Statement on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Client money

The Group holds money on behalf of clients in accordance with the Client Asset (CASS) rules of the Financial Services Authority and other financial markets regulators in the countries in which the Group operates. Client monies are classified as either client money or cash and cash equivalents in accordance with the relevant regulatory agency's requirements.

The amounts held on behalf of clients at the balance sheet date are stated in Note 19 and 32(b).

Employee benefit trusts

Assets held in employee benefit trusts are recognised as assets of the Group until these vest unconditionally in identified employees. A full provision is made in respect of assets held by the trust as there is an obligation to distribute these assets to the beneficiaries of the employee benefit trust.

Own shares held in trust

Own shares held in trust are recognised at cost. Consideration received for the sale of such shares is recognised in equity and any difference between the sale proceeds and the original cost is taken to retained earnings.

Retirement benefit costs

Defined contributions made to employees' personal pension plans are charged to the Consolidated Income Statement as and when incurred.

Share-based payment

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, and adjusted for the effect of non-market-based vesting conditions.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

4. Segmental analysis

Geographical segments

For management purposes, the Group is organised into five divisions:

- Europe;
- North America;
- Australia and New Zealand;
- Asia; and
- Global Partners.

These divisions are the basis on which the Group reports its primary segment information. These have changed from the prior year due to the increasing importance of the Global Partners Division.

The Global Partners Division operates in all geographical areas but is not considered a separate business segment due to the nature of the management and control of its operations. It is also reported separately for internal financial reporting purposes.

Business segments

The Group is an online financial services group and acts as a principal and market maker to its customers in foreign exchange, derivatives (including share and index CFD trading and options) and financial spread betting. The Group also provides financial information and stockbroking services.

The Directors regard these activities as three classes of business for the financial year ended 31 March 2009 but do not designate financial information and stockbroking services as reportable segments as they do not currently account for more than 10 percent of the Group's revenue.

Revenues and costs are allocated to the divisions that originated the transaction. Costs generated centrally are allocated to divisions on an equitable basis, based on revenue or headcount.

Divisional assets and liabilities consist of operating assets and liabilities.

The table below analyses revenue, EBITDA, geographical segment result and assets and liabilities by division.

Segmental analysis

	Group		Europe		North America		Australia and New Zealand		Asia		Global Partners [2]	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
INCOME STATEMENT												
Total revenue	**193.2**	**181.4**	**94.8**	**85.5**	**4.9**	**6.6**	**54.0**	**63.6**	**13.1**	**6.0**	**26.4**	**19.7**
Operating expenses	(132.9)	(104.2)	(70.8)	(48.7)	(5.7)	(9.3)	(32.4)	(31.0)	(13.7)	(8.8)	(10.3)	(6.4)
EBITDA[1]	**60.3**	**77.2**	**24.0**	**36.8**	**(0.8)**	**(2.7)**	**21.6**	**32.6**	**(0.6)**	**(2.8)**	**16.1**	**13.3**
Depreciation and amortisation	(22.4)	(13.8)	(13.9)	(11.2)	(0.5)	(0.5)	(7.6)	(1.9)	(0.4)	(0.2)	-	-
Geographical segment result	37.9	63.4	10.1	25.6	(1.3)	(3.2)	14.0	30.7	(1.0)	(3.0)	16.1	13.3
Unallocated exceptional items	(51.3)	(7.9)										
Operating (loss)/profit	**(13.4)**	**55.5**										
Unallocated finance income	1.5	2.3										
Unallocated finance costs	(3.2)	(0.6)										
(Loss)/profit before taxation	**(15.1)**	**57.2**										
Taxation	(0.3)	(17.4)										
(Loss)/profit after taxation	**(15.4)**	**39.8**										
BALANCE SHEET												
Assets												
Geographical segment assets	203.6	211.9	134.3	112.3	5.4	15.1	49.1	78.4	14.8	6.1	-	-
Unallocated corporate assets	6.4	22.8										
Consolidated total assets	**210.0**	**234.7**										
Liabilities												
Geographical segment liabilities	115.8	119.5	104.6	99.4	1.3	6.9	8.3	12.9	1.6	0.3	-	-
Unallocated corporate liabilities	4.5	10.9										
Consolidated total liabilities	**120.3**	**130.4**										
OTHER INFORMATION												
Capital expenditure	7.1	11.1	6.7	8.9	-	0.1	0.3	1.5	0.1	0.6	-	-
Depreciation	6.1	4.8	4.5	3.4	0.4	0.3	0.9	0.9	0.3	0.2	-	-

[1] Earnings before interest, tax, depreciation and amortisation.
[2] Assets and liabilities have not been allocated to the Global Partners Division as any allocation would be arbitrary.

5. Business combinations

Digital Options GmbH

On 19 July 2008, CMC Markets Plc acquired the entire share capital of Digital Options GmbH for €0.05m (£0.04m). At the date of acquisition, assets of £0.4m and liabilities of £0.4m were acquired.

The Consolidated Income Statement includes the results of Digital Options GmbH from 19 July 2008, the date of acquisition. If Digital Options GmbH had been acquired on 1 April 2008, there would be no change to Group revenue and the adjusted consolidated loss before taxation for the Group would have been £(16.4)m.

6. Operating profit

	2009 £m	2008 £m
Expense analysis:		
Staff costs (Note 8)	52.5	57.5
Advertising and marketing	22.6	17.3
Depreciation (Note 16)	6.1	4.8
Amortisation of intangible assets (Note 15)	16.3	9.1
Net foreign exchange loss/(gain)	11.8	(4.5)
Operating leases – land and buildings (Note 31)	7.5	5.7
Auditor's remuneration for audit and other services (see below)	0.3	0.3
Other costs	38.7	32.6
Exceptional items (Note 7)[1]	50.8	3.1
Total[2]	**206.6**	**125.9**

[1] Excluding share-based payment costs of £0.5m (2008: £4.8m) included in staff costs.
[2] Total of operating expenses, depreciation and amortisation and impairment of intangible assets and goodwill.

An analysis of auditor remuneration is provided below:

	2009 £m	2008 £m
Audit services		
Statutory audit of parent and consolidation	0.1	0.1
Statutory audit of subsidiaries	0.1	0.1
	0.2	**0.2**
Other services		
Assurance services	0.1	0.1
	0.3	**0.3**

7. Exceptional items

	2009 £m	2008 £m
Restructuring costs		
- termination benefits	6.6	-
- onerous lease provisions	3.6	-
- other	5.9	-
Impairment of intangible assets and goodwill	16.3	-
Loss on cash flow hedges	9.9	-
Charitable donations (Note 34)	8.5	3.1
Share-based payment expense (Note 27)	0.5	4.8
	51.3	**7.9**

Restructuring costs

The Group has taken steps to restructure and re-focus the business for the next phase of its development. As part of this process, the Board reviewed the structure, headcount and cost base of the business, which resulted in the centralisation of a number of functions.

Costs incurred included redundancy and other employee termination benefits, office closure provisions in respect of existing office space and impairments of PPE.

Impairment of goodwill and other intangible assets

The Group has written down goodwill and intangible assets relating to its investments in Digital Look Limited, CMC Markets Stockbroking Limited, Shorcan Index Limited and Digital Options GmbH to reflect the impact of the current economic environment and outlook.

Loss on cash flow hedges

As part of the overall restructuring process, the Group has reviewed the way that it hedges its future revenue exposures and restructured certain cash flow hedges that it had in place for the financial year ending 31 March 2010. This resulted in a realised loss of £9.9m which has been treated as exceptional.

Charitable donations

Charitable donations of £8.5m (2008: £3.1m) were made during the year to The Peter Cruddas Foundation. The aim of the foundation is to help young people from disadvantaged backgrounds.

Share-based payment expense

The charge is in respect of the employee share-based payment plans issued prior to the proposed IPO in 2006.

8. Employee information

The aggregate employment costs of staff and Directors were:

	2009 £m	2008 £m
Wages, salaries, bonuses and incentive payments	45.2	47.2
Social security costs	4.7	3.9
Post-employment benefits	2.1	1.6
	52.0	52.7
Share-based payment (Note 27)	0.5	4.8
	52.5	57.5

Compensation of key management personnel is disclosed in Note 34.

The average number of Directors and employees of the Group during the year is set out below:

	2009	2008
Key management	8	10
Client acquisition and maintenance	441	396
IT development and support	272	259
Global support functions	342	244
Average number of Directors and employees	1,063	909

The total number of employees as at 31 March 2009 was 879 (2008: 1,064).

9. Finance income

	2009 £m	2008 £m
Bank interest receivable and similar income	1.5	2.3

10. Finance costs

	2009 £m	2008 £m
Interest on Loan Notes (Note 21)	3.2	0.6

11. Taxation

	2009 £m	2008 £m
Analysis of charge for the year		
United Kingdom tax		
Current tax	2.6	12.8
Adjustment in respect of previous periods	(1.5)	-
Deferred tax (Note 23)	(1.2)	0.2
Foreign Tax		
Current Tax	1.9	5.2
Adjustment in respect of previous periods	(0.3)	-
Deferred tax (Note 23)	(1.2)	(0.8)
Taxation	0.3	17.4

The tax for the year differs from the standard rate of UK Corporation Tax of 28% (2008: 30%). The differences are explained below:

	2009 £m	2008 £m
(Loss)/profit before taxation - continuing operations	(15.1)	57.2
Tax based on UK Corporation Tax rate of 28% (2008: 30%)	(4.3)	17.2
Irrecoverable foreign tax	0.5	0.1
Expenses that are not recognised for tax purposes	5.6	0.1
Losses not utilised	0.9	-
Effect of research and development tax concession	(0.9)	-
Adjustments in respect of previous periods	(1.5)	-
Tax expense	0.3	17.4

12. Earnings per share (EPS)

CMC Markets is required to disclose only the basic and diluted EPS on the face of the Consolidated Income Statement under IFRS. In addition, the Group calculates an adjusted EPS measurement ratio, disclosed below, as it believes that it is the most appropriate measurement since it better reflects CMC Markets' underlying cash earnings.

Basic EPS is calculated by dividing the loss for the year attributable to the equity holders of the parent company of £(15.4)m (2008: £39.8m profit) by the weighted average number of ordinary shares in issue during the year of 254.3m shares (2008: 254.4m) as shown below.

Earnings	2009 £m	2008 £m
Earnings for the purpose of the basic and diluted earnings per share	(15.4)	39.8

Number of shares	2009 No. (m)	2008 No. (m)
Weighted average number of ordinary shares for basic earnings per share	254.3	254.4
Diluted earnings per share denominator	254.3	254.4

Adjusted EPS is based on earnings before amortisation of intangibles arising on consolidation and exceptional items (and their tax effects).

Adjusted EPS – Year ended 31 March 2009

	Earnings £m	Shares millions[1]	Earnings per share pence
Basic and diluted	**(15.4)**	**254.3**	**(6.1)**
Amortisation of intangibles arising on consolidation	6.7	-	2.6
Exceptional items	51.3	-	20.2
Taxation on exceptional items	(9.1)	-	(3.6)
Adjusted	**33.5**	**254.3**	**13.1**

[1] Excluding own shares held in trust.

Adjusted EPS – Year ended 31 March 2008

	Earnings £m	Shares millions[1]	Earnings per share pence
Basic and diluted	**39.8**	**254.4**	**15.6**
Amortisation of intangibles arising on consolidation	1.3	-	0.5
Exceptional items	7.9	-	3.1
Taxation on exceptional items and intangibles arising on consolidation	(2.7)	-	(1.1)
Adjusted	**46.3**	**254.4**	**18.1**

[1] Excluding own shares held in trust.

On 22 July 2009, 26,689,872 shares were issued at a fair value of £1.50 per share (Note 35).

13. Dividends

No interim dividend has been declared or paid in the year (2008: £10.0m (3.9p per share)). No final dividend is proposed (2008: £nil).

14. Goodwill

The carrying value of goodwill is explained below:

	2009 £m	2008 £m
Cost		
Opening	18.8	0.7
Recognised on acquisition of subsidiaries	-	18.1
Impairment of goodwill	(18.8)	-
Closing	-	18.8
Carrying amount	-	**18.8**

Impairment tests for cash-generating units containing goodwill

Goodwill was allocated to the following cash-generating units (CGU) on acquisition:

Carrying value of CGU on acquisition	**Goodwill £m**
Shorcan Index Limited[1]	0.7
Digital Look Limited	7.3
CMC Markets Stockbroking Limited[2]	10.8
	18.8

[1] Merged operations with CMC Markets Canada Inc.
[2] Formerly Andrew West & Co. Limited.

The Group tests goodwill annually for impairment and more frequently if there are indications that goodwill might be impaired. During the year, events indicated that goodwill values were overstated. The impairment tests carried out as a consequence, have resulted in a total impairment charge of £18.8m for the year being applied against the goodwill in these CGUs.

The recoverable amount of the CGUs has been determined based on a value-in-use calculation. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and the expected changes to revenue and direct costs during the period.

Management estimates the discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The discount rates applied to cash flows represent the Group's calculated 'weighted-average cost of capital' adjusted for an estimate of the specific risk relevant to the operations of the CGU.

These discount rates are applied to cash flow projections based on operating plans approved by the Board, extrapolated for a period not exceeding five years.

These discount rates are shown in the table below:

Shorcan Index Limited	11.7%
Digital Look Limited	11.9%
CMC Markets Stockbroking Limited	13.0%

Shorcan Index Limited

The reduction of activity in the Canadian retail market due to market uncertainty has resulted in the impairment of the goodwill value of £0.7m that arose on the acquisition of Shorcan Index Limited.

Management have concluded that the goodwill arising on acquisition of the entity has nil value. £0.7m was therefore written-off to the Consolidated Income Statement during the year.

Digital Look Limited

£7.3m of goodwill arising on the acquisition of Digital Look Limited has been fully impaired during the year, as the outlook for financial information revenues is less certain in the current environment. £3.0m was written-off to the Consolidated Income Statement during the year, while £2.6m and £1.7m were reversed against deferred consideration and deferred tax asset provisions respectively.

CMC Markets Stockbroking Limited

£10.8m of goodwill arising from the acquisition of CMC Markets Stockbroking Limited (formerly Andrew West & Co. Limited) was fully impaired in the year due to the downturn in the short-term outlook for stockbroking revenues resulting from market uncertainty. £5.1m was written-off to the Consolidated Income Statement during the year, while £4.8m and £0.9m were reversed against deferred consideration and deferred tax asset provisions respectively.

The impairment of goodwill charge has been summarised in the table below:

Goodwill written off to:	£m
Income statement	8.8
Deferred consideration (Note 20)	7.4
Deferred tax (Note 23)	2.6
	18.8

15. Intangible assets

	2009 £m	2008 £m
Software development and website development		
Cost (opening)	46.7	18.1
Additions through internal development	13.6	13.9
Acquisition through business combination	0.3	15.4
Foreign currency translation	0.7	-
Impairments	(0.3)	(0.7)
Cost (closing)	61.0	46.7
Aggregate amortisation (opening)	(11.4)	(4.6)
Reclassification	(0.8)	0.1
Charge for the year	(13.7)	(6.9)
Foreign currency translation	(0.3)	-
Aggregate amortisation (closing)	(26.2)	(11.4)
Net carrying value at end of year	**34.8**	**35.3**
Net carrying value at beginning of year	**35.3**	**13.5**
Software licences		
Cost (opening)	5.0	0.8
Reclassification	(0.4)	1.6
Additions	3.1	2.6
Cost (closing)	7.7	5.0
Aggregate amortisation (opening)	(1.1)	(0.2)
Reclassification	-	(0.3)
Charge for the year	(1.2)	(0.6)
Aggregate amortisation (closing)	(2.3)	(1.1)
Net carrying value at end of year	**5.4**	**3.9**
Net carrying value at beginning of year	**3.9**	**0.6**
Trading and broker licences		
Cost (opening)	2.2	2.4
Reclassification	0.4	(1.6)
Additions	0.3	1.4
Foreign currency translation	0.4	-
Impairments	(0.8)	-
Cost (closing)	2.5	2.2
Aggregate amortisation (opening)	(0.3)	(0.2)
Reclassification	-	0.2
Charge for the year	(0.3)	(0.3)
Foreign currency translation	(0.1)	-
Aggregate amortisation (closing)	(0.7)	(0.3)
Net carrying value at end of year	**1.8**	**1.9**
Net carrying value at beginning of year	**1.9**	**2.2**
Trademarks and other intangibles		
Cost (opening)	0.4	0.3
Additions	-	0.1
Cost (closing)	0.4	0.4
Aggregate amortisation (opening and closing)	-	-

Intangible assets (continued)

	2009 £m	2008 £m
Net carrying value at end of year	**0.4**	**0.4**
Net carrying value at beginning of year	**0.4**	**0.3**
Customer lists and relationships		
Cost (opening)	10.2	-
Acquisition through business combination	-	10.2
Foreign currency translation	0.2	-
Disposals	(0.2)	-
Impairments	(6.4)	-
Cost (closing)	3.8	10.2
Aggregate amortisation (opening)	(1.3)	-
Reclassification	0.8	-
Charge for the year	(1.1)	(1.3)
Foreign currency translation	(0.1)	-
Aggregate amortisation (closing)	(1.7)	(1.3)
Net carrying value at end of year	**2.1**	**8.9**
Net carrying value at beginning of year	**8.9**	**-**
Summary of movement in intangible assets		
Total opening cost	64.5	21.6
Total additions	17.0	18.0
Total acquisition through business combination[1]	0.3	25.6
Total foreign currency translation	0.8	-
Total disposals	(0.2)	-
Total impairments	(7.5)	(0.7)
Total opening accumulated amortisation	(14.1)	(5.0)
Total amortisation for the year[2]	(16.3)	(9.1)
Total net carrying value of intangibles at end of year	**44.5**	**50.4**
Total net carrying value of intangibles at beginning of year	**50.4**	**16.6**

[1] In 2009, additions through business combinations represented software on the acquisition of Digital Options GmbH. In 2008, the corresponding increase in intangible assets arose from the acquisition of Digital Look Limited and CMC Markets Stockbroking Limited (formerly Andrew West & Co. Limited).
[2] Includes £6.7m of amortisation of intangibles arising on consolidation (2008: £1.3m).

Additions to software development, software licences and website development are predominantly on-going internal software development projects to enhance existing software platforms and develop new trading support and client solutions.

Impairment values are determined using the same methodology as described for impairment of goodwill (Note 14).

16. Property, plant and equipment

	2009 £m	2008 £m
Office equipment		
Cost (opening)	22.5	14.5
Reclassification	-	0.2
Additions	6.0	7.5
Acquisition through business combination	0.1	0.3
Foreign currency translation	0.8	-
Disposals and write-downs	(0.9)	-
Cost (closing)	28.5	22.5
Accumulated depreciation (opening)	(7.8)	(4.4)
Reclassification	-	0.3
Charge for the year	(4.6)	(3.7)
Foreign currency translation	(0.1)	-
Disposals and write-downs	0.3	-
Accumulated depreciation (closing)	(12.2)	(7.8)
Net carrying value at end of year	**16.3**	**14.7**
Net carrying value at beginning of year	**14.7**	**10.1**
Furniture, fixtures and fittings		
Cost (opening)	6.2	4.6
Reclassification	-	(0.8)
Additions	1.0	2.4
Acquisition through business combination	-	0.1
Foreign currency translation	0.4	-
Disposals and write-downs	(1.3)	(0.1)
Cost (closing)	6.3	6.2
Accumulated depreciation (opening)	(1.9)	(1.3)
Reclassification	-	0.3
Charge for the year	(1.5)	(1.0)
Foreign currency translation	(0.1)	-
Disposals and write-downs	0.6	0.1
Accumulated depreciation (closing)	(2.9)	(1.9)
Net carrying value at end of year	**3.4**	**4.3**
Net carrying value at beginning of year	**4.3**	**3.3**
Aircraft		
Cost (opening)	-	1.1
Additions	-	0.8
Disposals and write-downs	-	(1.9)
Cost (closing)	-	-
Accumulated depreciation (opening)	-	(0.1)
Charge for the year	-	(0.1)
Disposals and write-downs	-	0.2
Accumulated depreciation (closing)	-	-
Net carrying value at end of year	-	-
Net carrying value at beginning of year	-	1.0

Property, plant and equipment (continued)

	2009 £m	2008 £m
Summary of movement in property, plant and equipment		
Total opening cost	28.7	20.2
Total additions	7.0	10.7
Total foreign currency translation	1.0	-
Total acquisition through business combination	0.1	0.4
Total disposals and write-downs	(1.3)	(1.7)
Total opening accumulated depreciation	(9.7)	(5.8)
Total depreciation for the year	(6.1)	(4.8)
Total net carrying value of property, plant and equipment at end of year	**19.7**	**19.0**
Total net carrying value of property, plant and equipment at beginning of year	**19.0**	**14.4**

At 31 March 2009, the Group had no material capital commitments in respect of property, plant and equipment (2008: £nil).

17. Investments

	2009 £m	2008 £m
Long positions in listed trading investments designated as at fair value through profit and loss	**0.4**	**24.2**

These investments are listed equities used to hedge positions opened by clients and are valued at fair value based on quoted closing market prices.

18. Trade and other receivables

	2009 £m	2008 £m
Trade and other receivables	9.5	8.2
Corporation tax recoverable	8.3	-
Prepayments and accrued income	5.0	4.4
	22.8	**12.6**

19. Trade and other payables

	2009 £m	2008 £m
Trade payables	245.2	188.6
Less: funds held on behalf of clients in segregated bank accounts	(196.8)	(151.8)
	48.4	36.8
Tax and social security	0.4	0.6
Accruals and deferred income	20.1	33.9
Trading liabilities	-	2.9
	68.9	**74.2**

Trading liabilities are short positions in listed trading investments designated as at fair value through profit and loss. These investments are highly liquid short-dated financial investments.

20. Deferred consideration

Deferred consideration is payable in respect of the acquisitions of Digital Look Limited on 14 May 2007 and CMC Markets Stockbroking Limited (formerly Andrew West & Co. Limited) on 28 December 2007.

The provision for deferred consideration represents the Directors' best estimate of the amount expected to be payable in cash, based on earn-out agreements entered into at the acquisition dates. During the current financial year, the estimates were revised downwards for deferred consideration in Digital Look Limited to £1.7m and fully written off in CMC Markets Stockbroking Limited due to market uncertainty (Note 14).

Details of the movements in deferred consideration during the year are as follows:

	2009 £m	2008 £m
Opening	11.9	-
Paid in the year	(2.9)	-
Provision for deferred consideration at acquisition	-	11.6
Reduction in provision for deferred consideration (Note 14)	(7.4)	-
Foreign exchange loss	0.1	0.3
Closing	1.7	11.9

21. Borrowings

		2009 £m	2008 £m
Unsecured borrowings at amortised cost			
Prime broker facility		-	0.5
Loan notes		38.8	25.6
		38.8	26.1
Total borrowings			
Due for settlement within 12 months		-	0.5
Due for settlement after 12 months		38.8	25.6
		38.8	26.1
Analysis by currency:	**Currency**		
Prime broker facility	AUD	-	0.5
Loan notes	GBP	38.8	25.6
		38.8	26.1
The weighted average interest rates paid:			
Prime broker facility		7.02%	7.75%
Loan notes		9.60%	9.60%

(i) Prime broker facility

The effective interest rate on this Australian Dollar facility is the Reserve Bank of Australia's Base Rate plus a margin of 0.5%.

The facility is held by CMC Markets Asia Pacific Pty Limited with Merrill Lynch. It is a revolving line of credit that resets daily with no fixed maturity date and no pre-established limit. The facility is repayable on demand.

Merrill Lynch holds a charge over any securities acquired by CMC Markets Asia Pacific Pty Limited under this facility.

(ii) Loan notes

The loan note balance comprises three loan notes, two which were issued to Peter Cruddas and one which was issued to Fiona Cruddas.

On 2 June 2008, CMC Markets Plc issued two loan notes, each with a principal amount of £7.9m, due 2 June 2013. These were issued to Peter Cruddas and Fiona Cruddas, with consideration paid of £5.0m per note.

In addition, on 21 December 2007, CMC Markets Plc issued a loan note to Peter Cruddas. The Loan Note has a principal amount of £39.5m due 23 December 2012. The consideration paid by Peter Cruddas to CMC Markets Plc on issue of this note was £25.0m.

The amount outstanding under the terms of these Loan Notes at 31 March 2009 was £38.8m (2008: £25.6m) and the interest charge for the year to 31 March 2009 was £3.2m (2008: £0.6m).

The principal amounts payable at the relevant redemption date on the Loan Notes include interest accrued at a fixed-rate of interest of 9.6% per annum over the period of the loan. The Loan Notes are carried at amortised cost which approximates to fair value.

On 22 July 2009, the Loan Notes were redeemed at a value of £40.0m (Note 35).

(iii) Undrawn borrowing facilities

The Group has an undrawn multi-currency overdraft facility with NatWest Bank Plc of £10.0m, which is repayable on demand. The facility is available in Sterling, Canadian Dollars, Euros, Japanese Yen, Swedish Kronor, Swiss Francs, US Dollars, Australian Dollars and Hong Kong Dollars.

The interest rate for the Sterling overdraft is NatWest Bank's Base Rate plus 1% per annum and, for all other currencies, the relevant NatWest Bank currency lending rate.

22. Provisions

	2009 £m	2008 £m
Total provision		
Opening	3.8	0.7
Additional provision	3.6	3.1
Utilisation of provision	(3.1)	-
Closing	**4.3**	**3.8**

	2009 £m	2008 £m
Provision for employee benefit trusts		
Opening	3.8	0.7
Additional provision	-	3.1
Utilisation of provision	(3.1)	-
Closing	0.7	3.8

	2009 £m	2008 £m
Provision for onerous leases		
Opening	-	-
Additional provision	3.6	-
Closing	3.6	-

The provision relating to employee benefit trusts represents the obligation to distribute assets held in employee benefit trusts to beneficiaries. This provision is expected to be utilised within the next financial year.

The provision relating to onerous leases represents undiscounted obligations under onerous lease contracts less any amounts considered recoverable by management. This provision is expected to be utilised within the next financial year.

23. Deferred tax

Analysis for financial reporting purposes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2008: 28%).

	2009 £m	2008 £m
Opening	7.1	5.1
Credit to income for the year	(2.4)	(0.6)
Arising on acquisitions (Note 14)	(2.6)	2.6
Closing	**2.1**	**7.1**

The following table details the deferred tax assets and liabilities recognised by the Group and movements thereon during the year:

	2009 £m	2008 £m
Deferred income tax assets:		
Tax losses	1.8	1.6
Interest on loan notes	1.0	-
Other timing differences	1.7	0.1
Gross deferred income tax assets	**4.5**	**1.7**
Deferred income tax liabilities:		
Liability created on share-based payment	-	0.4
Accelerated capital allowances	6.6	8.4
Gross deferred income tax liabilities	**6.6**	**8.8**

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

24. Financial instruments

Financial risk management

The Group's Internal Capital Adequacy Assessment Process (ICAAP), prepared under the requirements of the UK's Financial Services Authority and the Capital Requirements Directive, is an on-going assessment of CMC Markets' risks and how CMC Markets mitigates these risks, subject to the Group's risk appetite.

The Board sets the strategy and policies for managing these risks and delegates the monitoring and management of these risks to various committees including the Group Financial Risk Committee, the Group Treasury Committee, the Group ICAAP Committee, the Group Operations Risk Committee and the Audit Committee.

Financial risks arising from financial instruments are categorised into market, credit and liquidity risks which, together with how CMC Markets categorises and manages these risks, are described below.

Management considers the carrying value of all financial assets and liabilities to be the approximate equivalent of the fair value.

Market risk

CMC Markets does not hold proprietary trading positions based on expectations of future market movements. Market risk is analysed as market price risk, interest rate risk and currency risk.

(a) Market price risk

This is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, other than due to currency or interest rate risk.

Market risk arises from CMC Markets' clients spread betting and trading contracts for difference (CFDs), which are based on underlying equities and indices on world stock markets, foreign currencies, commodities and interest rates and the derivative (OTC and exchange-traded) or physical positions CMC Markets takes to hedge these client positions. All derivatives used to hedge client positions are margin-traded so the profit or loss arising on the position is settled on a daily basis. The use of derivative financial instruments is governed by Group policies approved by the Board, which provide written principles on their use consistent with the Group's risk management strategy.

CMC Markets monitors its market risk on these client positions against internally approved limits and hedges these client positions based on a number of internally agreed metrics to manage its net exposure. These metrics include the size of the client position, CMC Markets' view of overall concentration of risk by asset class and the volatility and liquidity of the underlying instrument in which its clients are spread betting or trading CFDs.

These positions are monitored on a global basis so all open positions held by CMC Markets' clients are combined to calculate CMC Markets' total net client exposure to ensure optimal hedging decisions are made.

The diversity of the product range and global distribution significantly reduces CMC Markets' revenue sensitivity to individual asset classes and instruments. The direct result is consistent historical revenue performance throughout periods of varying market movements and volatility levels. This can be quantified by analysing the ten-day moving daily average of daily trading profit and loss.

For the year ended 31 March 2009, there have been 132 occurrences (2008: 173) of the ten-day daily moving average of trading profit exceeding £0.5m, compared to one occurrence (2008: zero) of the ten-day trading loss exceeding £(0.5)m. The largest ten-day daily average trading profit over this period was £4.1m (2008: £1.8m) and the largest ten-day average trading loss was £(0.6)m (2008: nil).

The following sensitivity analysis shows the potential impact on revenue of reasonably possible market price movements by asset class:

Effect of reasonably possible price movements on revenue after tax (£m)

Asset Class	Net Exposure[1]	Reasonably possible upwards price movement (%)	Potential effect on profit and loss after tax	Reasonably possible downwards price movement (%)	Potential effect on profit and loss after tax
As at 31 March 2009					
Equities	(16.8)	7.0%	1.2	(7.0%)	(1.2)
Commodities	(20.9)	8.4%	1.7	(8.4%)	(1.7)
Treasuries	0.8	0.9%	-	(0.9%)	-
FX	22.4	3.6%	-	(3.6%)	-
Total	**(14.5)**	**n/a**	**2.9**	**n/a**	**(2.9)**
As at 31 March 2008					
Equities	14.3	5.6%	(0.5)	(5.6%)	0.5
Commodities	3.9	4.2%	(0.2)	(4.2%)	0.2
Treasuries	2.0	0.7%	-	(0.7%)	-
FX	(17.5)	3.3%	0.6	(3.3%)	(0.6)
Total	**2.7**	**n/a**	**(0.1)**	**n/a**	**0.1**

[1] A negative net exposure represents a net sold position whereas a positive figure represents a net long position in that asset class.

(b) Interest rate risk

This consists of cash flow interest rate risk (the risk that future cash flows of a financial instrument will vary due to changes in market interest rates) and fair value interest rate risk (the risk that the value of a financial instrument will vary due to changes in market interest rates).

Interest rate risk arises from unhedged client positions where the underlying instrument is subject to cash flow or fair value interest rate risk. These positions are managed in accordance with CMC Markets' internally approved limits, subject to CMC Markets' risk appetite.

Interest rate risk also arises from the mismatch between the repricing of financial assets and liabilities. Financial assets and liabilities are predominantly short-term. These short-term mismatches are managed according to parameters determined by the Group Treasury Committee.

The Group's interest-bearing financial assets mature in the short-term, with maturities no longer than one year. As a result, the Group is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. Excess cash of the Group is invested in short-term cash deposits with the term to maturity typically no longer than three months.

Exposures to financial liabilities greater than one year are specifically hedged depending on the Group Treasury Committee's view of medium to longer-term interest rates.

CMC Markets does not have any material exposure, in the short-term, to interest rate sensitivity on profit and loss and other equity, and therefore no sensitivity analysis is shown.

(c) Currency risk

This is the risk that the value of assets and liabilities denominated in a foreign currency will fluctuate due to adverse movements in exchange rates. Currency risk arises from unhedged client positions in foreign currencies where the value of the underlying currency fluctuates against Sterling. These positions are managed in accordance with CMC Markets' internally approved limits, subject to CMC Markets' risk appetite. The sensitivity analysis on these client positions is disclosed in part (a) of Market Risk above.

CMC Markets' residual currency risk (excluding risk on client positions denominated in foreign currencies above) relates to balance sheet translation exposure and transactional currency flows arising from earnings in foreign currencies.

These risks are managed by CMC Markets' Group Treasury Committee which regularly reviews these risks and makes recommendations to the Board regarding their management. Balance sheet translation exposure is actively managed to ensure negligible foreign currency net asset exposure on a group basis.

Forecasted foreign currency earnings are hedged using various hedging instruments including CFDs, currency forwards and options.

The percentage of these earnings hedged is determined by the Group Treasury Committee based on guidelines set out in CMC Markets' Global Hedging Policy.

The tables below summarise CMC Markets' exposure to currency translation risk at 31 March 2009 and 31 March 2008, analysed by financial assets and liabilities at carrying amounts.

Currency exposures – as at 31 March 2009

	CURRENCY					
£m equivalent	GBP	EUR	USD	AUD	OTHER	TOTAL
(i) Financial assets						
Cash	34.1	15.8	24.4	4.0	39.8	118.1
Investments	-	-	-	0.4	-	0.4
Trade and other receivables	4.0	1.8	0.2	2.1	1.4	9.5
Financial assets	38.1	17.6	24.6	6.5	41.2	128.0
(ii) Financial liabilities						
Trade and other payables	33.9	16.8	0.1	0.1	16.3	67.2
Deferred consideration	1.7	-	-	-	-	1.7
Provision for onerous leases	1.0	-	0.3	1.5	0.8	3.6
Borrowings	38.8	-	-	-	-	38.8
Financial liabilities	75.4	16.8	0.4	1.6	17.1	111.3
(iii) Non-financial assets and liabilities						
Non-financial assets	59.4	1.4	0.2	18.2	2.8	82.0
Non-financial liabilities	8.1	-	-	0.7	0.2	9.0
Net non-financial assets	51.3	1.4	0.2	17.5	2.6	73.0
Net on-balance sheet position	14.0	2.2	24.4	22.4	26.7	89.7

Currency exposures – as at 31 March 2008

	CURRENCY					
£m equivalent	GBP	EUR	USD	AUD	OTHER	TOTAL
(i) Financial assets						
Cash	32.5	18.0	15.6	11.4	30.5	108.0
Investments	-	-	-	24.2	-	24.2
Trade and other receivables	5.3	1.8	0.1	0.1	0.9	8.2
Financial assets	37.8	19.8	15.7	35.7	31.4	140.4
(ii) Financial liabilities						
Trade and other payables	68.9	1.8	(7.9)	12.2	(2.9)	72.1
Deferred consideration	5.3	-	-	6.6	-	11.9
Borrowings	25.6	-	-	0.5	-	26.1
Financial liabilities	99.8	1.8	(7.9)	19.3	(2.9)	110.1
(iii) Non-financial assets and liabilities						
Non-financial assets	56.6	1.4	0.4	31.8	4.1	94.3
Non-financial liabilities	13.0	0.1	0.2	9.2	(2.2)	20.3
Net non-financial assets	43.6	1.3	0.2	22.6	6.3	74.0
Net on-balance sheet position	(18.4)	19.3	23.8	39.0	40.6	104.3

The foreign exchange (FX) rate movements, which are based on CMC Markets' view of reasonably possible price variations, are as follows:

As at 31 March 2009

	Increase	Decrease
Major currencies[1]	3%	(3%)
Others	3%	(3%)

As at 31 March 2008

	Increase	Decrease
Major currencies[1]	3%	(3%)
Others	10%	(10%)

[1] Major currencies are GBP, USD, EUR, AUD, CHF and CAD.

The effect on profit and other equity of fluctuations in short-term FX rates is illustrated in the tables on the next page.

A positive value in these tables represents an increase in profit or other equity where the relevant currency strengthens against Sterling. A negative value represents a decrease in profit or other equity where the relevant currency weakens against Sterling.

Effect on profit and loss and other equity of short-term fluctuations in FX rates - year ended 31 March 2009 (£m)

	Movement			
	Profit and loss		Other equity	
	Depreciation against GBP	Appreciation against GBP	Depreciation against GBP	Appreciation against GBP
Impact after tax charge of 28%	2.0	(2.0)	(1.7)	1.7

Effect on profit and loss and other equity of short-term fluctuations in FX rates - year ended 31 March 2008 (£m)

	Movement			
	Profit and loss		Other equity	
	Depreciation against GBP	Appreciation against GBP	Depreciation against GBP	Appreciation against GBP
Impact after tax charge of 30%	(2.5)	2.5	(1.5)	1.5

Credit risk

The Group's principal financial assets are deposits and other cash balances held with banks and other financial institutions, trade and other receivables and investments.

The maximum credit risk is considered to be the carrying value at the balance sheet date.

(a) Deposits and other balances held with banks and other financial institutions

It is CMC Markets' policy to manage credit risk by only placing funds with financial institutions that meet certain short- and long-term external credit ratings provided by Standard and Poor's.

These exposures are monitored on a daily basis and CMC Markets does not consider that it has any significant concentration of credit risk, with exposure spread over a range of counterparties as procedures are in place to monitor exposure to individual counterparties or connected groups of counterparties.

Credit risk also arises from margin and excess funds placed with brokers that CMC Markets uses to hedge its net client positions.

The tables below present CMC Markets' exposure to financial institutions based on their short- and long-term credit rating.

Funds deposited with financial institutions analysed by short- and long-term ratings

As at 31 March 2009 (£m)

Short-term rating	Cash deposited with financial institution	Long-term rating	Cash deposited with financial institutions
A1	117.1	AAA	-
A2	0.9	AA	51.3
A3	0.1	A	66.3
B	-	BBB	0.5
	118.1		118.1

As at 31 March 2008 (£m)

Short-term rating	Cash deposited with financial institution	Long-term rating	Cash deposited with financial institutions
A1	107.4	AAA	-
A2	0.6	AA	63.9
A3	-	A	43.5
B	-	BBB	0.6
	108.0		108.0

No cash balances or deposits with institutions were considered past due but not impaired or impaired (2008: £nil).

(b) Client and other credit risk

Trade and other receivables (Note 18) of £9.5m (2008: £8.2m) represent the remaining Group credit risk exposure and are analysed in the following table:

Trade and other receivables	2009 £m	2008 £m
Neither past due nor impaired	9.3	7.4
Past due but not impaired	0.1	0.8
Impaired	3.4	2.4
Gross carrying value	12.8	10.6
Less: allowance for impairment	(3.3)	(2.4)
Net carrying value	9.5	8.2

Amounts past due but not impaired are not analysed by due date as they are not considered material exposures.

CMC Markets does not offer credit facilities to clients and funds must be deposited in order to open a position. CMC Markets operates a real-time marked-to-market trading platform with client profits and losses being credited and debited automatically to their account.

Credit risk occurs where a client's funds held by CMC Markets (trading margin and free equity (the unencumbered funds deposited by a client with CMC Markets for future trading purposes)) are insufficient to cover losses incurred by the client upon liquidation.

Client credit risk is therefore monitored daily with reference to the market price movement of the underlying instrument in which the client holds a position and the equity the client holds in relation to the margining requirement calculated for their position.

If a client falls below the minimum margin required to maintain a position, they will be notified that they are on margin call and can only reduce their positions or provide additional funds. At any time that the client is on margin call, the Group may, at its discretion, liquidate some or all of that client's positions in order to bring them back into line with their margin requirements.

Client credit risk is realised where the client's funds are not sufficient to cover the losses incurred in the event of a liquidation of their open positions. The Group monitors potential client credit risk exposures, under various market volatility scenarios, on a daily basis.

In addition, the Group establishes specific provisions against debts due from clients where the Group determines that it is probable that it will be unable to collect all amounts owed in accordance with the terms of the client agreement.

The table below illustrates the percentage that doubtful debt and unrecoverable debt were of total revenue for the year ending 31 March 2009:

Doubtful and unrecoverable debt as a percentage of revenue

	2009	2008
New doubtful debt as a percentage of revenue	4.1%	3.4%
Unrecoverable debt as a percentage of revenue	1.2%	0.8%

Liquidity risk

Liquidity risk is the risk that CMC Markets will encounter difficulty in meeting its obligations from its financial liabilities. CMC Markets' policy is to ensure that, as far as possible, it will always have sufficient liquidity to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

CMC Markets maintains a portfolio of short-term deposits to ensure that sufficient liquidity is maintained within the Group as a whole. The liquidity position is monitored on a daily basis and management information is provided monthly to the Group Treasury Committee and the Board. All treasury policies and procedures are approved by the Board.

The tables below present cash flows receivable and payable by the Group by remaining contractual maturities at the balance sheet date.

The amounts disclosed are the contractual, undiscounted cash flows.

Maturity analysis - as at 31 March 2009 (£m)

		Maturity		
	Carrying Amount	Less than 3 months	After 3 months but less than 1 year	After 1 year
(i) Financial assets				
Cash	118.1	118.1	-	-
Investments	0.4	0.4	-	-
Trade and other receivables	9.5	9.5	-	-
Impact after tax	128.0	128.0	-	-
(ii) Financial liabilities				
Trade and other payables	67.2	67.2	-	-
Deferred consideration	1.7	1.7	-	-
Provision for onerous leases	3.6	-	3.6	-
Borrowings	55.3	-	-	55.3
Impact after tax	127.8	68.9	3.6	55.3
Net liquidity gap	0.2	59.1	(3.6)	(55.3)

Maturity analysis – as at 31 March 2008 (£m)

		Maturity		
	Carrying Amount	Less than 3 months	After 3 months but less than 1 year	After 1 year
(i) Financial assets				
Cash	108.0	108.0	-	-
Investments	24.2	24.2	-	-
Trade and other receivables	8.2	8.2	-	-
Impact after tax	140.4	140.4	-	-
(ii) Financial liabilities				
Trade and other payables	72.1	72.1	-	-
Deferred consideration	11.9	-	3.5	8.4
Borrowings	40.0	0.5	-	39.5
Impact after tax	124.0	72.6	3.5	47.9
Net liquidity gap	16.4	67.8	(3.5)	(47.9)

Analysis of financial instruments by category

Financial assets and liabilities as determined by IAS 39 - *Financial Instruments: Recognition and Measurement and Eligible Hedged Items* are categorised as follows:

As at 31 March 2009 (£m)

	Loans and receivables	Assets at fair value through profit and loss	Total
(i) Financial assets			
Cash and cash equivalents	118.1	-	118.1
Investments	-	0.4	0.4
Trade and other receivables	9.5	-	9.5
Total financial assets	127.6	0.4	128.0

	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
(ii) Financial liabilities			
Trade and other payables	-	67.2	67.2
Deferred consideration	-	1.7	1.7
Provision for onerous leases	-	3.6	3.6
Borrowings	-	38.8	38.8
Total financial liabilities	-	111.3	111.3

As at 31 March 2008 (£m)

	Loans and receivables	Assets at fair value through profit and loss	Total
(i) Financial assets			
Cash and cash equivalents	108.0	-	108.0
Investments	-	24.2	24.2
Trade and other receivables	8.2	-	8.2
Total financial assets	116.2	24.2	140.4

	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
(ii) Financial liabilities			
Trade and other payables	2.9	69.2	72.1
Deferred consideration	-	11.9	11.9
Borrowings	-	26.1	26.1
Total financial liabilities	2.9	107.2	110.1

25. Capital management

Under the Capital Requirements Directive, the Group is required to derive its regulatory capital from the Group Internal Capital Adequacy Assessment Process (ICAAP), which draws on the Group's embedded risk management process.

CMC Markets is supervised on a consolidated basis by the UK's Financial Services Authority (FSA). The Group had significant surplus regulatory capital over the regulatory capital requirement throughout the year. Under FSA rules, consolidated capital resources exceeded the consolidated capital resources requirement by 37% (2008: 24%). Total capital at 31 March 2009 was £89.7m (2008: £104.3m).

The Group's objectives for managing capital are as follows:

- to comply with the capital requirements set by the FSA and all other financial market regulators to which the Group is subject;
- to ensure that all group entities are able to operate as going concerns and satisfy any minimum externally imposed capital requirements; and
- to ensure that the Group maintains a strong capital base to support the development of its business.

In calculating the capital requirement, the Group has adopted the standardised approach to credit risk and the basic indicator approach to operational risk. The ICAAP document was last approved by CMC Markets Plc board in December 2008. There has been no breach of regulatory capital requirements during the financial year.

26. Share capital

	2009 £m	2008 £m
Authorised		
Ordinary shares of 25p	100.0	100.0
Allotted, issued and fully paid		
Ordinary shares of 25p	63.9	63.9
Deferred shares of 25p	0.1	0.1
	64.0	**64.0**

	No.	No.
Authorised		
Ordinary shares of 25p	400,000,000	400,000,000
Allotted, issued and fully paid		
Ordinary shares of 25p	255,525,502	255,525,502
Deferred shares of 25p	559,574	559,574
	256,085,076	256,085,076

The Company has two classes of shares, Ordinary and Deferred, neither of which carries a right to fixed income. Deferred shares have no voting rights.

Movements in share capital during the year

There were no Ordinary or Deferred shares issued during the current or prior year.

Ordinary share buyback

1,272,502 (2008: 1,322,495) own shares are held in trust and recognised at a cost of £3.7m (2008: £3.9m). They are held by the CMC Markets 2007 Employee Benefit Trust to satisfy shares to be granted under future long-term employee incentive schemes and are shown as a deduction from share capital.

These shares represent 0.5% of ordinary share capital.

On 23 May 2008, 49,993 shares held by the CMC Markets 2007 Employee Benefit Trust were transferred to two employees of CMC Markets UK Plc at a fair value of £4.5005 per share (Note 27).

27. Share-based payment

The total charge for the year relating to employee share-based payment plans was £0.5m (2008: £4.8m). After tax, the total charge was £0.4m (2008: £3.4m).

A total of 18,163,197 shares granted in the financial year ending 31 March 2006, at a fair value of £1.90, relate to employee service. These shares vest unconditionally on a flotation of CMC Markets Plc, subject to continuous service requirements.

The current year charge has been calculated based on management's best estimate of the number of shares that the employees will become entitled to at the vesting date and adjusted for the effect of non-market-based vesting conditions.

On 23 May 2008, two employees were granted shares totalling 49,993 in CMC Markets Plc at the fair value of £4.5005 per share, determined by reference to a recent arms-length market transaction at the date of grant. These employees were unconditionally entitled to these shares on this date. This grant of shares represents 0.02% of ordinary share capital.

28. Translation reserve

	2009 £m	2008 £m
Opening	1.5	-
Foreign currency translation	6.4	1.5
Closing	**7.9**	**1.5**

This reserve is comprised of translation differences on foreign currency net investments held by CMC Markets Group.

29. Net investment hedging reserve

	2009 £m	2008 £m
Opening	-	-
Loss on net investment hedges	(6.3)	-
Closing	**(6.3)**	**-**

Overseas net investments are hedged using currency CFDs (contracts for difference). Gains and losses on instruments used to hedge these overseas net investments are shown in the net investment hedging reserve.

These instruments are margin-traded with the profit and loss arising on the position settled on a daily basis. These instruments hedge balance sheet translation risk, which is the risk of changes in reserves due to fluctuations in currency exchange rates.

All changes in the fair value were treated as being effective under IAS 39 - *Financial Instruments: Recognition and Measurement and Eligible Hedged Items*.

30. Retained earnings

	2009 £m	2008 £m
Opening	90.5	55.9
Cost of share-based payment	0.5	4.8
Retained (loss)/profit for the year	(15.4)	39.8
Dividend paid	-	(10.0)
Closing	**75.6**	**90.5**

31. Operating lease commitments

	2009 £m	2008 £m
Minimum lease payments under operating leases recognised in income for the year	**7.5**	**5.7**

Operating lease payments represent rentals payable by the Group for office space. Leases are negotiated for an average term of 4.7 years and rentals are fixed for an average of 3.4 years.

The Group had outstanding commitments under non-cancellable operating leases as follows:

	2009 £m	2008 £m
Buildings		
Within one year	7.9	6.3
Within two to five years	15.3	16.7
Over five years	2.6	4.0
	25.8	**27.0**
Other		
Within one year	0.1	0.4
Within two to five years	0.1	-
Over five years	-	-
	0.2	**0.4**

32. Cash flow statement

(a) Reconciliation of (loss)/profit before taxation to net cash inflow from operating activities:

	Notes	2009 £m	2008 £m
Cash flows from operating activities			
(Loss)/profit before taxation		(15.1)	57.2
Adjustments for:			
Finance income	9	(1.5)	(2.3)
Depreciation	16	6.1	4.8
Amortisation of intangible assets	15	16.3	9.1
Impairment of intangible assets and goodwill	7	16.3	-
Restructuring costs: onerous lease provisions	7	3.6	3.1
Share-based payment	27	0.5	4.8
Changes in working capital:			
(Increase) in trade and other receivables		(1.9)	(8.6)
Decrease in trading investments		23.8	37.3
(Decrease) in trade and other payables		(5.3)	(35.7)
(Decrease) in broker credit facilities		(0.5)	(18.6)
Cash generated from operations		**42.3**	**51.1**

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments, with typical maturities of six months or less. Cash at bank earns interest at floating rates, based on daily bank deposit rates.

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents comprise the following at each year-end:

	2009 £m	2008 £m
Group cash equivalents and client money	315.3	280.6
Less:		
Net value of broker facility	(0.4)	(20.8)
Client money	(196.8)	(151.8)
Cash and cash equivalents	**118.1**	**108.0**

Client money is held on trust in client accounts in accordance with rules of local financial markets regulators. Client money increased by £45.0m (2008: £46.5m) in the year ended 31 March 2009 to £196.8m (2008: £151.8m).

33. Retirement benefit plans

The Group operates defined contribution retirement benefit plans for all qualifying employees.

The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Where employees leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of the forfeited contributions.

	2009 £m	2008 £m
Total costs charged to income	**2.4**	**1.8**

34. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions between the Group and its associates and other related parties are disclosed below:

Compensation of key management personnel

	2009 £m	2008 £m
Key management compensation[1]:		
Short-term employee benefits	4.9	7.8
Social security costs	0.3	1.4
Post-employment benefits	0.2	0.1
Other long-term benefits	-	0.1
Termination benefits	1.7	-
Equity compensation benefits	0.9	0.8
	8.0	**10.2**
Remuneration of highest paid director:		
Wages, salaries, bonuses and incentive payments[2]	2.9	1.7

[1] Key management comprise the Directors and Non-executive Directors of CMC Markets Plc only.
[2] Remuneration of the highest paid director (the Executive Chairman) is £2.9m (2008: £1.7m).

Directors' transactions

During the financial year, the Group donated £8.5m (2008: £3.1m) to The Peter Cruddas Foundation, a charitable foundation founded by Peter Cruddas for the purpose of helping young people from disadvantaged backgrounds.

During the financial year, £85,347 (2008: £78,540) was paid to Astre Consultants Limited with no balance outstanding at the year-end (2008: £7,014).

On 2 June 2008, CMC Markets Plc issued two loan notes, each with a principal amount of £7.9m, due 2 June 2013. These were issued to Fiona Cruddas and Peter Cruddas, with consideration paid of £5.0m per note.

In the previous financial year, on 21 December 2007, CMC Markets Plc had issued a loan note to Peter Cruddas. The Loan Note has a principal amount of £39.5m due 23 December 2012. The consideration paid by Mr Cruddas on issue of this note was £25.0m.

The principal amounts payable at the relevant redemption date on the Loan Notes include interest accrued at a fixed-rate of interest of 9.6% per annum over the period of the loan.

On 22 July 2009, the Loan Notes were redeemed at a value of £40.0m (Note 35).

On 28 November 2008, the CMC Plc Employee Benefit Trust made a distribution of £1.9m to Peter Cruddas.

All related party transactions are carried out at an arm's-length basis, based upon normal market conditions.

These transactions, including VAT and expenses paid to Non-executive Directors in the discharge of their duties, are summarised in the following table:

Transaction counterparty	Related party	2009 £000	2008 £000
The Peter Cruddas Foundation	P Cruddas	8,477	3,064
Peter Cruddas	P Cruddas	7,802	27,368
CMC Plc Employee Benefit Trust	P Cruddas	1,857	-
Fiona Cruddas	F Cruddas	5,400	-
Astre Consultants Limited	J Jackson	85	79
Pettigrew Associates	J Pettigrew	-	38
Shoosmiths	J Jackson	-	110

35. Events after the balance sheet date

On 22 July 2009, CMC Markets Plc issued 22,987,534 and 3,702,338 shares to Peter Cruddas and Fiona Cruddas respectively, at a price of £1.50 per share. This increased ordinary share capital by £6.7m and created a share premium of £33.3m.

At the same time, the Loan Notes described in Note 21 were redeemed by the Company at a value of £40.0m.

36. Contingent liabilities

At 31 March 2009, there were no contingent liabilities applicable to the Group (2008: nil).

37. Ultimate controlling party

The Group's ultimate controlling party is Peter Cruddas by virtue of his majority shareholding in CMC Markets Plc.

Parent company financial statements

The following parent entity financial statements are prepared under UK GAAP and relate to the Company and not to the Group. The accounting policies, which have been applied to these financial statements, can be found on page 63. The Independent Auditor's Report on page 33 incorporates an opinion on the Parent Company Financial Statements.

Balance sheet as at 31 March 2009
Prepared using UK Generally Accepted Accounting Practice (UK GAAP)

ASSETS AND LIABILITIES	Notes	2009 £m	2008 £m
Fixed assets			
Investments	38	385.8	498.9
		385.8	498.9
Current assets			
Debtors due in more than one year	42	-	4.0
Debtors due within one year	42	13.4	13.2
Cash at bank and in hand		-	0.1
		13.4	17.3
Creditors: amounts falling due within one year	43	(22.7)	(33.1)
Net current liabilities		(9.3)	(15.8)
Total assets less current liabilities		376.5	483.1
Creditors: amounts falling due in more than one year	44	(38.8)	(30.9)
Net assets		337.7	452.2
CAPITAL AND RESERVES			
Called up equity share capital	39	64.0	64.0
Own shares held in trust	39	(3.7)	(3.9)
Profit and loss account	40	277.4	392.1
Shareholders' funds	41	337.7	452.2

Approved by the Board of Directors and authorised for issue on 23 July 2009.

P.A. Cruddas

Peter Cruddas,
CEO

Doug Richards,
CFO/COO

Notes to parent company financial statements

Significant accounting policies and basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards and law. The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Investments

Fixed asset investments in subsidiaries are shown at cost less diminution in value.

Share-based payment

The Company issues equity-settled share-based payments that are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of the shares that will eventually vest.

The fair value for the issued shares has been determined based on an estimated market price at the date of grant. The share-based payment expense has been adjusted based on management's best estimate of the effects of exercise restrictions and behavioural considerations.

Parent company profit and loss account

As permitted by Section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. The result for the year ended 31 March 2009 dealt with in the accounts of the Company was £(114.5)m loss (2008: £(5.6)m loss). Auditor's remuneration for audit services to the Company was borne by CMC Markets UK Plc.

Deferred tax

Deferred tax is accounted for under FRS 19 *Deferred Tax*, which requires a form of full provision for accounting for deferred tax, called the incremental liability approach. Deferred tax is provided on timing differences where the Company has an obligation to pay more tax in the future as a result of those timing differences. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

As permitted by FRS 19, the Company has adopted a policy of not discounting deferred tax assets and liabilities.

Cash flow statement

The Company's results for the year ended 31 March 2009 are included in the consolidated financial statements of CMC Markets Plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 *(Revised 1996) Cash Flow Statements*.

38. Fixed asset investments

	2009 £m	2008 £m
Cost		
Opening	498.9	487.5
Additions	-	11.4
Impairment[1]	(113.1)	-
Closing	385.8	498.9

[1] The impairment relates to investments in Digital Look Limited and CMC Markets UK Holdings Limited. An impairment value of £10.9m for the investment in Digital Look Limited has been determined using the same methodology as described for impairment of goodwill (Note 14). The investment in CMC Markets UK Holdings Limited has been valued at £1.50 per share, based on a recent market transaction, which has resulted in an impairment of £102.2m.

At 31 March 2009, the following companies were CMC Markets Plc's principal trading subsidiary undertakings and principal intermediate holding companies:

	Country of incorporation	Principal activities	Held
CMC Markets UK Holdings Limited	England	Holding company	Directly
CMC Markets UK Plc	England	Online trading	Indirectly
Information Internet Limited	England	IT development	Indirectly
CMC Spreadbet Plc	England	Financial spreadbetting	Indirectly
CMC Markets Overseas Holdings Limited	England	Holding company	Directly
Digital Look Limited	England	Provision of financial information	Directly
CMC Markets Asia Pacific Pty Limited	Australia	Online trading	Indirectly
CMC Markets Pty Limited	Australia	Trading and education	Indirectly
CMC Markets Group Australia Pty Limited	Australia	Holding company	Indirectly
CMC Markets Stockbroking Limited	Australia	Stockbroking	Indirectly
CMC Markets Canada Inc.	Canada	Client introducing office	Indirectly
CMC International Financial Consulting (Beijing) Co. Limited	China	Trading and education	Indirectly
CMC Markets Japan KK	Japan	Online trading	Indirectly
CMC Markets NZ Limited	New Zealand	Online trading	Indirectly
CMC Markets Singapore Pte Limited	Singapore	Online trading	Indirectly

All subsidiaries are 100% owned.

39. Called up equity share capital

	2009 £m	2008 £m
Authorised		
Ordinary shares of 25p	100.0	100.0
Allotted, issued and fully paid		
Ordinary shares of 25p	63.9	63.9
Deferred shares of 25p	0.1	0.1
	64.0	64.0

	No.	No.
Authorised		
Ordinary shares of 25p	400,000,000	400,000,000
Allotted, issued and fully paid		
Ordinary shares of 25p	255,525,502	255,525,502
Deferred shares of 25p	559,574	559,574
	256,085,076	256,085,076

The Company has two classes of shares, Ordinary and Deferred, neither of which carries a right to fixed income. Deferred shares have no voting rights.

Movements in share capital during the year

There were no Ordinary or Deferred shares issued during the current or prior year.

Ordinary share buyback

1,322,495 shares purchased from the CMC Employee Share Scheme Trust and from CMC Markets employees for £2.93 per share in the prior financial year, are own shares held in trust by the CMC Markets 2007 Employee Benefit Trust, to satisfy shares to be granted under future long-term employee incentive schemes.

On 23 May 2008, 49,993 shares were transferred to two employees of CMC Markets UK Plc at a fair value of £4.5005 per share.

The remaining 1,272,502 own shares held in trust are recognised at a cost of £3.7m (2008: £3.9m) and shown as a deduction from share capital. These shares represent 0.5% of ordinary share capital.

40. Profit and loss account

	2009 £m	2008 £m
Opening	392.1	407.5
Loss for the year	(114.5)	(5.6)
Share-based payment reserve	(0.2)	0.2
Dividend paid	-	(10.0)
Closing	277.4	392.1

41. Reconciliation of movements in shareholders' funds

	2009 £m	2008 £m
Opening	452.2	471.5
Disposal/(purchase) of own shares held in trust	0.2	(3.9)
Loss for the year	(114.5)	(5.6)
Share-based payment reserve	(0.2)	0.2
Dividend paid	-	(10.0)
Closing	**337.7**	**452.2**

42. Debtors

	2009 £m	2008 £m
Debtors due in more than one year		
Amounts due from Group undertakings	-	4.0
	-	4.0
Debtors due within one year		
Amounts due from Group undertakings	12.4	13.0
Other receivables	1.0	0.2
	13.4	**13.2**

On 28 December 2007, CMC Markets Plc entered into a uniform subordinated loan agreement with CMC Markets Canada Inc. and the Investment Dealers Association of Canada.

The loan agreement had a principal amount of £4.0m (CAD 8.2m) with no maturity date. On 16 May 2008, £2.9m (CAD 6.0m) of this loan was repaid. A further repayment of £1.1m (CAD 2.2m) was approved on the 10 December 2008 by the Investment Industry Regulatory Organisation of Canada (formerly the Investment Dealers Association of Canada) and subsequently paid.

The principal amount accrued Canadian LIBOR +1% interest per annum.

43. Creditors: amounts falling due within one year

	2009 £m	2008 £m
Creditors due within one year		
Amounts due to Group undertakings	19.7	26.8
Deferred consideration	1.7	-
Accruals	1.3	6.3
	22.7	**33.1**

44. Creditors: amounts falling due in more than one year

	2009 £m	2008 £m
Deferred consideration	-	5.3
Loan notes - held at amortised cost[1]	38.8	25.6
	38.8	**30.9**

	2009 £m	2008 £m
Total borrowings		
Due for settlement after one year	38.8	25.6
Analysis by currency: GBP		
Loan notes - held at amortised cost	38.8	25.6
	38.8	25.6
The weighted average interest rates paid		
Loan notes - held at amortised cost	9.60%	9.60%

[1] Loan Notes

On 2 June 2008, CMC Markets Plc issued two loan notes, each with a principal amount of £7.9m, due 2 June 2013. These were issued to Fiona Cruddas and Peter Cruddas, with consideration paid of £5.0m per note.

In addition, on 21 December 2007, CMC Markets Plc had issued a loan note to Peter Cruddas, with a principal amount of £39.5m due 23 December 2012. The consideration paid by Peter Cruddas on issue of this note was £25.0m.

The amount accrued under the terms of these Loan Notes at 31 March 2009 was £38.8m (2008: £25.6m) and the interest charge for the year to 31 March 2009 was £3.2m (2008: £0.6m).

The principal amounts payable at the relevant redemption date on the Loan Notes include interest accrued at a fixed-rate of interest of 9.6% per annum over the period of the loan. The Loan Notes are carried at amortised cost which approximates to fair value.

On 22 July 2009, the Loan Notes were redeemed for £40.0m (Note 35).

45. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 *Related Party Disclosures*, that transactions with Group companies, 90% or more of whose voting rights are controlled within the Group, do not need to be disclosed.

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Notice of annual general meeting

Notice is hereby given that the 2009 Annual General Meeting of CMC Markets Plc (the Company) will be held at 66 Prescot Street, London E1 8HG at 12:00 noon on Thursday 24 September 2009 (2009 AGM) to consider, and if thought fit, to pass the following resolutions of which resolutions 1 to 3 and 5 will be proposed as ordinary resolutions and resolutions 4 and 6 will be proposed as special resolutions.

1. To receive the Annual Report of the Company, including the reports of the Directors and Auditors, for the year ended 31 March 2009.
2. To reappoint Baker Tilly UK Audit LLP as Auditors to the Company to hold office until the conclusion of the next general meeting at which accounts are laid before members.
3. To authorise the Directors to determine the remuneration of the Auditors.
4. To pass the following special resolution.
   That:
   a. 1,163,673 Ordinary shares of 25 pence each in the capital of the Company held by Farzim Nazari and others be converted with immediate effect to Deferred shares of 25 pence each, such that, they shall on a return of capital on winding-up or otherwise, entitle the holder only to repayment of the amounts paid up on such shares after repayment of the capital paid up on the Ordinary shares still in issue and the payment of £500,000 on each such Ordinary share and shall not entitle the holder to the payment of any dividend nor to receive notice of or attend or vote at any general meeting of the Company, and any Director of the Company is hereby irrevocably authorised to appoint any person to execute on behalf of the holder or holders of such Deferred shares a transfer thereof (and/or an agreement to transfer the same) to such persons as the Directors may determine as custodian thereof and/or purchase the same in any such case at 0.001p per share or such greater value per share as the Board shall determine in respect of any share or shares after notice in writing to the holder or holders thereof but without obtaining the sanction of the holder or holders thereof; and
   b. the Company be and is hereby authorised at any time during the period expiring 18 months after the date of this resolution, to make purchases of Deferred shares arising on such conversion at 0.001p per share or such greater value per share as the Board shall determine in respect of any such share or shares and otherwise, in accordance with the memorandum of contract terms previously made available for inspection by members of the Company in accordance with the Companies Acts.
5. To generally and unconditionally authorise the Directors for the purposes of Section 80 of the Act, to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £29.0m, provided that this authority is for a period expiring five years from the date of this resolution, but the Company may before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement, notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities, to the extent unused.
6. To resolve THAT subject to and conditional upon the passing of Resolution 5, the Directors be and they are empowered pursuant to Section 95 of the Act, to allot equity securities (within the meaning of Section 94(2) of the Act) wholly for cash pursuant to the authority conferred by Resolution 5 as if Section 89(1) of the Act did not apply to any such allotment.

By order of the Board,

Graham Symonds
Company Secretary
23 July 2009

Notes to notice of meeting

1. All members are entitled to attend and vote at the 2009 AGM. A member of the Company entitled to attend and vote at the 2009 AGM may appoint a proxy or proxies to attend and to vote and speak instead of him. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different class of share or shares held by the member. A proxy need not be a member of the Company.
2. Forms of Proxy must be returned to the Company Secretary at the registered office so as to arrive not later than 12:00 noon on Tuesday 22 September 2009 or 48 hours before any adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the poll together with any power of attorney or other authority, if any, under which it is signed or a notarised certified copy of such power or authority. Completion and return of a Form of Proxy will not preclude a member from attending and voting at the meeting should he wish to do so.
3. To have the right to attend and vote at the 2009 AGM, a person must have his name entered on the register of members of the Company by no later than 48 hours prior to the date of the meeting or any adjourned meeting. As at the date of this Annual Report, the Company has 255,525,502 Ordinary shares in issue carrying one vote each. Therefore the total voting rights in the Company are 255,525,502.
4. Copies of the service contracts of Peter Cruddas and Doug Richards will be available for inspection at the registered office of the Company during normal business hours Mondays to Fridays (other than bank holidays) from the date of this document to the date of the 2009 AGM and for 15 minutes before the start of said meeting until its conclusion.
5. A copy of this notice has been sent, for information only, to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (Nominated Person). The right to appoint a proxy cannot be exercised by a Nominated Person, only by a member.

Corporate information

Directors

Peter Cruddas	Chief Executive Officer
John Jackson	Non-executive Director (Senior Independent Director)
Doug Richards	Chief Financial Officer and Chief Operating Officer
Simon Waugh	Non-executive Director

Company secretary

Graham Symonds

Registered office

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Registered number

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Registered in England and Wales

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