LCG London Capital Group

Preliminary Results for the year ended 31 December 2010 and Share Placing

Disclaimer

The content of this presentation has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000. Reliance on this presentation for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.

This presentation has been issued by London Capital Group Holdings plc (the "**Company**"). This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for or otherwise acquire, any securities of the Company or of any subsidiary or subsidiary undertaking of the Company, nor does this presentation constitute or form part of any invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000, nor does it constitute a recommendation regarding securities of the Company, nor shall it or any part of it form the basis of or be relied on in connection with any contract or investment decision. This presentation and any attachments to it constitute factual, objective information about the Company and nothing contained herein should be construed as constituting any form of investment advice, recommendation, guidance or proposal of a financial nature in respect of any investment issued by the Company or any transaction in relation to the Company.

If you are considering engaging in any investment activity, you should seek appropriate independent financial advice and make your own assessment. This document is intended for distribution only to: (i) in the United Kingdom, persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("**Order**") (as amended); (ii) those persons in the United Kingdom falling within Article 49(2)(a) to (d) of the Order; (iii) persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of Directive 2003/71/EC and any relevant implementing measures; or (iv) otherwise to those persons to whom it can otherwise lawfully be distributed (together "**relevant persons**"). This presentation must not be acted on or relied on by persons who are not relevant persons. Nor should the recipient use the information in this presentation in any way which would constitute market abuse. If you have received this presentation and you are not a relevant person you must return it immediately to the Company.

The information contained in this presentation is not for publication or distribution into the United States of America (the "**United States**"). Neither this presentation nor any copy of it may be taken or distributed or published, directly or indirectly, in the United States. The material set out in this presentation is for information purposes only and is not intended, and should not be construed, as an offer for securities for sale in the United States or any other jurisdiction. The securities of the Company described in this presentation have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) (the "**Securities Act**"), or the laws of any state, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. There will be no public offer of securities in the United States.

This presentation does not constitute an offer to sell or a solicitation of an offer to purchase any securities in any jurisdiction in which such offer or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any jurisdiction. The information contained in this presentation is not for publication, release or distribution in Australia, Canada, Japan, the Republic of Ireland, New Zealand or the Republic of South Africa. Any failure to comply with this restriction may constitute a violation of the securities law of Australia, Canada, Japan, the Republic of Ireland, New Zealand or the Republic of South Africa.

Recipients in jurisdictions outside the United Kingdom should inform themselves about and observe any applicable legal or regulatory requirements in relation to the distribution or possession of this presentation to or in that jurisdiction. In this respect, neither the Company nor any of its connected persons, accepts any liability to any person in relation to the distribution or possession of this presentation to or in any such jurisdiction. The information contained in this presentation are provided as at the date hereof and are subject to change without notice and the Company is under no obligation to update or keep current the information contained in this presentation. No reliance may be placed for any purpose whatsoever on the information contained in this presentation or any assumptions made as to its completeness and no warranty or representation, express or implied, is given by or on behalf of the Company or of any subsidiary company or subsidiary undertaking, or any of their respective directors, employees, agents or advisors as to the accuracy or completeness of the information contained in this presentation and no responsibility or liability is accepted by any of them for any such information, provided that nothing in this document shall exclude liability for any representation or warranty made fraudulently.

Neither the United States Securities and Exchange Commission (the "**SEC**") nor any securities regulatory body of any state or other jurisdiction of the United States, nor any securities regulatory body of any other country or political subdivision thereof, has approved or disapproved of the securities referred to herein or passed on the accuracy or adequacy of the contents of this document.

This presentation (and any subsequent discussions arising thereon) may contain forward-looking statements relating to the Company's expected operations that are based on management's current expectations, estimates and projections. Words such as "expects," "intends," "plans," "projects," "believes," "estimates" and similar expressions are used to identify such forward-looking statements. These statements are not warranties or guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Although the Company believes the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors, many of which are beyond the control of the Company, which could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. These factors include, but are not limited to, factors such as: future revenues being lower than expected; increasing competitive pressures in the industry; and/or general economic conditions or conditions affecting the relevant industry, both domestically and internationally, being less favourable than expected. We do not intend to publicly debate or revise these projections or other forward-looking statements to reflect events or circumstances after the date hereof, and we do not assume any responsibility for doing so. This presentation and its contents are confidential and must not be copied, published, reproduced, distributed in whole or in part to others, whether or not they are relevant persons, at any time by recipients without prior written consent of the Company. This presentation is being provided to recipients on the basis that they keep confidential any information contained herein or otherwise made available, whether oral or in writing, in connection with the Company.

By accepting this presentation, you agree to be bound by the above conditions and limitations.

Overview of the business

- LCG's business has grown 7 times in revenue terms and 13 times in profit terms in the last five years
- Continued revenue growth despite low interest rate environment
- Key Performance Indicators remain strong: 19,700 UK FSB active clients; total client funds on deposit of £47.6m
- LCG 2nd largest provider of FSB in terms of market share and Capital Spreads is 3rd^

- Increased number of divisions and diversification:
  - 2005 - launched institutional FX business and first Financial Spread Betting (FSB) white label with E*TRADE
  - 2007 - launched FSB white labels with Paddy Power and TradeFair
  - 2008 - acquired ProSpreads
  - 2009 – launched Saxo Bank white label
  - 2010 - launched iPhone app, CFD business, MT4 and opened first overseas office in Australia

^Source: Investment Trends UK FSB and CFD Report 2010

5 year revenue summary

5 year summary £'000:

	2005	2006	2007	2008	2009	2010
Revenue	4,861	8,651	18,373	28,878	27,645	34,491
EBITDA	1,659	4,034	9,138	12,603	8,107	8,491
Adjusted PBT	503	3,372	8,704	11,857	6,005	6,506
Net cash resources	942	2,620	10,319	11,068	10,025	13,948
Regulatory capital resources	1,093	4,038	7,109	10,041	9,140	11,414
Regulatory capital requirement				6,680	8,940	13,366

Financial Ombudsman Complaints

- In H1'09 LCG made commission rebating errors on customer statements of managed spot FX fund
- Correction led to a series of complaints to the Financial Ombudsman Service (FOS) aggravated by the managing director of the fund.
- LCG's board of directors reviewed the initial adjudication from FOS received on 18 October 2010, and concluded that the impact of the claims would not be material to the business.
- Revised assessment received on 11 February 2011 in respect of one complaint stated LCG should repay total losses plus interest (£0.1m)
- LCG believes its actions did not directly cause any loss to the clients and is challenging the assessment^
- Gross provision of £3.2m realised and a contingent liability of a further £3.2m disclosed
- Assessment based on an analysis of the losses incurred in the fund attributable to clients under protection of FOS, latest FOS adjudication and FOS's rules on compensation
- There remains significant uncertainty as to the eventual financial outcome

^The two assessments to date have been made by a FOS adjudicator and he has invited LCG to state whether it agrees with his revised assessment. In addition, LCG has the right to escalate the matter from the adjudicator to the Ombudsman

Implications for balance sheet and regulatory resources

- Regulatory resources defined as net tangible assets
- Recognition of £3.2m provision (gross), £2.3m net, results in a decrease in regulatory resources of this amount
- Effect is to reduce regulatory resources from £14.1m to £11.4m
- Contingent liability does not impact regulatory resources but does impact the regulatory requirement

	31 December 2010 before liability	Liability adjustment (tax affected)	31 December 2010 after liability
Goodwill and other intangibles	9,785		9,785
Software assets	2,960		2,960
Tangible fixed assets (PPE)	865		865
Non current assets total	**13,610**		**13,610**
Trade and other receivables	2,810	896	3,706
Cash (client cash)	47,635		47,635
Cash (company cash)	13,948		13,948
Current assets total	**64,393**		**65,289**
Trade and other payables	3,905		3,905
Client balances	47,635		47,635
Provisions	-	3,200	3,200
Liabilities total	**51,540**		**54,740**
Net assets total	**26,463**		**24,159**
Less: Goodwill and software	-12,745		-12,745
Regulatory resources total	**13,718**		**11,414**
Memo: Contingent Liability	-	3,200	3,200

Implications for capital adequacy

LCG

- Capital adequacy has two tiers
- Pillar 1:
  - Based on formulaic calculations
  - Credit risk and operational relatively constant
  - Market risk fluctuates dependent on residual risk the business takes
- Market risk can be reduced by increasing the amount the company hedges its residual exposure to clients
- Pillar 2 is set by the FSA and is specific to the firm

	31 December 2010 before liability
Pillar 1	
Credit risk (8% of credit risk items)	2,012
Operational risk (15% of average 3 yr gross profit)	3,250
Market risk (8-15% or notional market risk)	2,690
Pillar 1 risk	**7,952**

2010 Financial Results

2010 Highlights

LCG

- Total revenue up 25% to £34.50 million (2009: £27.60m)
- 22% increase in average UK FSB trades per day to 29,256 (2009: 23,975)
- Net revenue per active UK FSB client increased 38% to £1,279 (2009: £929) for the year
- Institutional Foreign Exchange revenue up 8% to £6.0 million (2009: £5.6 million)
- Adjusted Profit before tax (before exceptional impairment charge, share based payments and FOS provision) up 8% to £6.5 million (2009: £6.0m)
- This is stated after exceptional closure costs of £0.7m, CFD start up costs of £0.8m, and FSCS levy related to Key Data of £0.3m. Adjusted profit would be £8.3m before these items.

- Successful launch of Capital CFDs and InterTrader (PartyGaming) CFD platforms
- Launch of iPhone app for FSB
- Launch of LCG branded MT4 platform with experienced trading team
- Addition of 5 new FSB white labels
- Loss of Paddy Power, however three significant opportunities being pursued
- Launch of first ProSpreads and MT4 white labels
- Smooth transition of UK FSB onto single trading platform
- Successfully achieved regulation in Australia and launched satellite office.

FSB = Financial Spread Betting
ARPU = Average net revenue per user

Summary balance sheet and regulatory capital

Balance Sheet	2010	2009
Goodwill and other intangibles	10,052	9,866
Software assets	2,962	5,890
Property plant and equipment	597	911
Cash	61,583	63,871
Debtors and prepayments	3,232	1,325
Trade and other creditors	6,632	3,650
Amounts due to customers	47,635	53,846
Net assets	24,159	24,367

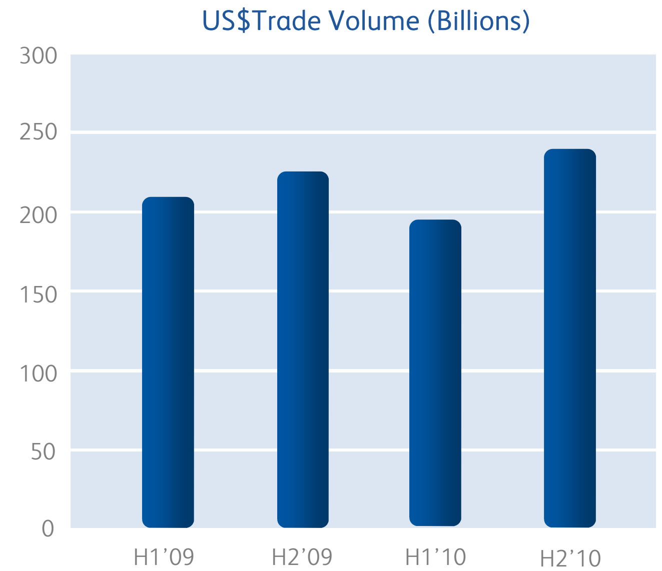
Analysis of cash resources	2010	2009
UK FSB and CFD funds on deposit	25,244	30,178
Forex funds on deposit	16,481	19,130
Gibraltar FSB funds on deposit	5,910	4,539
Total client funds	47,635	53,847
Company net cash resources	13,948	10,024
Net assets	61,583	63,871

Launch of CFD platforms and international strategy

- LCG's Contracts for Difference (CFD) platform launched Q2'10 via Capital Spreads and InterTrader (PartyGaming) brands
- LCG Metatrader launched in June 2010
- CFD growth strategy will focus primarily on international opportunities through a combination of own brand and partnership model
- Regulatory approval achieved in Australia under ASIC
- Capital CFDs Australia went live October 2010

Institutional Foreign Exchange

- LCG has relationships with all major FX liquidity providers
- LCG also has relationships with various algorithmic market makers
- Active client accounts up by 42%
- Total number of active clients were 302 in 2010
- Global FX customer base
- LCG now offers FX access to three further ECN platforms.



Forex: KPIs	2010	2009	% change
Trade Volumes ($'bn)	429	427	0.04%
Total Active Clients	302	212	42%
Number of Trades (000)	468	577	(19%)
Average Ticket ($'000)	855	757	13%

Summary and Outlook

Management believes LCG benefits from:

- Robust business model
- Strong cash generation
- High and increasing barriers to entry for new entrants
- Broadening product range
- New domestic and international markets opening up with the launch of LCG's CFD platforms
- Current year trading has started well