London
STOCK EXCHANGE

The world's capital market

INTERIM REPORT

00.00

Six months ended 30 September 2006

CONTENTS

THE EXCHANGE HAS DELIVERED ANOTHER OUTSTANDING PERFORMANCE, HIGHLIGHTING THE QUALITY OF ITS MARKETS AND TRADING SERVICES.

Each of the core business divisions has performed strongly, with Issuer Services promoting good primary market activity and Information Services producing a marked increase in the number of terminals receiving real-time trading data. Broker Services continues to be the main engine of growth, accounting for nearly half the Exchange's revenues in the first half of the year. Our electronic order book, SETS, produced volume growth of 56 per cent during the period, putting us far ahead of the growth rates needed to achieve the forecasts for SETS trading volumes we set out in February this year.

The value we are creating for the companies on our market, with intermediaries and for investors, is strongly increasing returns for our shareholders. Going forward we will generate further value as our Technology Road Map moves towards completion, fuelling further growth as our market becomes increasingly efficient and international. Our coveted global brand and our unique strategic position at the heart of the world's capital market in London make us an exceptionally valuable asset. We are continuing to assess opportunities for further value accretion from this very strong base.

FINANCIAL RESULTS
Unless otherwise stated, all figures below refer to the six months ended 30 September 2006. Comparative figures are for the corresponding period last year.

The Exchange produced an excellent performance in the first six months of the financial year, with revenue up 20 per cent to £163.3 million (2005: £136.1 million). Operating costs were well controlled during the period, reducing as expected by 4 per cent to £82.0 million (2005: £85.3 million, excluding exceptional items), while operating profit increased 60 per cent to £81.3 million (2005: £50.8 million, before exceptional items).

Basic earnings per share were 24.2 pence, an increase of 152 per cent over basic earnings of 9.6 pence per share last year and 54 per cent above adjusted earnings per share (excluding FY 2006 exceptional items) of 15.7 pence per share last year.

Cash flows from operating activities increased to £99.7 million, up 31 per cent (2005: £76.0 million), with cash balances at 30 September 2006 standing at £78.8 million (31 March 2006: £226.8 million), mainly retained for regulatory purposes.

In May 2006 the Exchange successfully completed a return of approximately £510 million to shareholders and a restructuring of the Group's financing, resulting in new borrowings. At 30 September 2006 borrowings amounted to £363.5 million, principally comprising a £250 million 10 year sterling bond issued in July, and bank borrowings of £97.6 million on a £200 million 5 year revolving credit facility.

Net liabilities at 30 September 2006 were £238.9 million, compared to net assets of £288.8 million at 31 March 2006, principally reflecting the impact of the approximately £510 million capital return.

ISSUER SERVICES

Issuer Services delivered a 7 per cent increase in revenues to £28.7 million (2005: £26.8 million), accounting for 18 per cent of total turnover.

The Exchange once more demonstrated that the quality of its markets for capital raising by UK and overseas companies is second to none. During the first six months of the financial year, new and further issues raised £25.7 billion of new capital (2005: £13.3 billion), an increase of 93 per cent.

In total there were 247 new issues on the Exchange's markets (2005: 306), of which 38 were on the Main Market (2005: 47). The average size of a Main Market IPO increased to £465 million (2005: £333 million).

The Exchange attracted 7 international listings on the Main Market (2005: 8) and 54 new issues by international companies on AIM (2005: 57). We achieved 50 per cent market share of IPOs in Western Europe (2005: 69 per cent). The number of IPOs (155) on the Exchange's markets during the period outstripped those on all other major exchanges by some margin. At 30 September 2006 the total number of companies on our markets reached 3,212 (30 September 2005: 3,013).

In June a report, commissioned by the City of London and the Exchange, demonstrated that the cost of capital at both IPO stage and beyond is lower in London than in other major European and US financial centres. The report, by Oxera, an independent economic and finance consultancy, highlights London's unique mix of highly competitive underwriting, low compliance cost and the highest standards of corporate governance.

AIM, the world's most successful market for smaller companies, attracted 209 companies in the first half of the financial year (2005: 259). At 30 September 2006 the number of companies traded on AIM reached 1,590 (2005: 1,311), including 283 international companies (2005: 185).

AIM has doubled in size over the past 30 months, and is increasingly international in outlook. A review of the operational and regulatory aspects of the market is intended to create the context for further very strong and international growth in AIM's second decade. At the beginning of October 2006, we began a consultation with the market. Following this, we expect to introduce new rules at the beginning of 2007.

RNS, the Exchange's financial communications service, contributed £5.1 million to Issuer Services' revenue (2005: £4.2 million). RNS has thrived in the highly competitive regulatory news distribution market, with a 76 per cent market share of all regulatory announcements and over 90 companies in the FTSE 100 using RNS in the half year.

BROKER SERVICES

Broker Services delivered a 34 per cent increase in revenue for the half year to £76.1 million (2005: £56.9 million), contributing 47 per cent of total turnover.

The total value of equity bargains for the period increased 24 per cent to £3.1 trillion (2005: £2.5 trillion) while the total number of equity bargains rose 33 per cent to 54.0 million (2005: 40.6 million), a daily average of 432,000 bargains (2005: 317,000).

On the SETS order book, the daily average number of bargains traded increased 56 per cent to 314,000 (2005: 201,000). Trading volumes were strong throughout the period with record daily trading figures in May, when trading on one day exceeded 500,000 bargains for the first time, and remained buoyant during the usually quieter summer months. So far this year, volume growth on SETS has surpassed the growth rates of all other major western cash and equity derivative exchanges.

Value traded on SETS during the first half of the financial year increased 42 per cent to £744 billion (2005: £523 billion). The average value of a SETS bargain decreased slightly to £19,000 (2005: £20,000) with the yield per bargain during the period close to £1.40. During the half year, SETS contributed 71 per cent of Broker Services' revenue (2005: 67 per cent).

These results reflect a secular change in equities trading facilitated by: the roll-out of new technology; rapid growth of algorithmic/black box trading; direct market access by traditional fund managers and hedge funds; and derivatives traders using our market for hedging purposes. These trends are underlined by initiatives that increase the efficiency of the SETS order book, including the development of SETSmm, which trades mid-cap, small-cap and the 50 largest UK AIM securities on a hybrid market structure. Trading volumes on SETSmm more than doubled during the half year, averaging 67,000 bargains per day (2005: 29,000), reducing spreads and improving liquidity. The Exchange's volume discount tariff scheme has also stimulated increasing order book activity. In May the Exchange announced an agreement with SIS x-clear to provide customers with a choice of clearing provider for trading on SETS. This will provide competition in UK equity clearing and further stimulate trading by reducing overall transaction cost.

The roll-out of our Technology Road Map (TRM) continues to play a critical role in driving electronic order book growth. Last October the Exchange doubled the capacity of SETS and the market is now beginning to test for the launch of our new central trading platform, TradElect. This is the last major leg in the Exchange's TRM programme. Due for release in the first half of calendar 2007, TradElect will dramatically increase processing capacity and cut latency, thereby enabling further growth on SETS.

International bargains increased to an average 76,000 bargains per day (2005: 72,000); and the daily average number of off book bargains (trade reporting of UK equities) reduced to 41,000 (2005: 44,000).

INFORMATION SERVICES

Information Services produced a strong performance with a 13 per cent increase in revenues to £50.9 million (2005: £45.1 million), accounting for 31 per cent of total income.

During the half year the number of terminals taking our real time market data grew to 109,000, up 11,000 from the same point last year (2005: 98,000). Included in this number were 91,000 terminals attributable to professional users, up 3,000 on the number at the start of the financial year and up 6,000 on the comparable period (2005: 85,000). Proquote, the Exchange's provider of financial market software and data, made good progress, increasing the number of installed screens to 3,300 (2005: 2,900). In September, Proquote and Reuters agreed a collaboration whereby Proquote licences some of its technologies for use in Reuters products.

SEDOL, the Exchange's service providing unique identification for a range of global tradable securities, delivered another good performance. We continue to expand the service, with the number of securities with SEDOL identification increasing to over 1,500,000, up from around 1,200,000 at the start of the financial year.

Infolect, the Exchange's high performance information distribution system that carries real time market data to customers worldwide, marked its first year of service in September. Since introduction last year, Infolect has provided a completely reliable, high speed delivery of price and trading information, and exceptional execution assurance on SETS.

DERIVATIVES SERVICES

Derivatives Services, principally comprising EDX London, the Exchange's jointly owned equity derivatives business, increased revenue to £4.4 million in the half year (2005: £3.9 million). EDX saw a 51 per cent increase in trading of Scandinavian equity derivatives contracts, rising to 15.3 million over the period (2005: 10.1 million).

INTERIM DIVIDEND

The Directors have declared an interim dividend of 6.0 pence per share, representing a 50 per cent increase in interim dividend per share (2005: interim dividend 4.0 pence). This increased payment reflects the Exchange's excellent financial performance so far this financial year and underlines the Board's confidence in the prospects for the business. The Board remains committed to a policy of sustainable, progressive dividends, with payment on an approximate one third/two third basis between the interim and the final dividend. The interim dividend will be paid to those shareholders on the register on 8 December 2006, for payment on 5 January 2007.

CAPITAL RETURN AND SHARE BUYBACK PROGRAMME

Following the lifting of the offer period earlier this year, the Exchange expedited the promised return of approximately £510 million cash to shareholders, with payment made on 26 May 2006.

Subsequently, the Exchange also made good progress against its commitment to buy back up to £50 million of its own shares during the current 2007 financial year, making on-market purchases of 2.4 million shares at an average price of £10.91, amounting to £26 million during the first half of the financial year.

Funding for the return of capital was made partly from the Exchange's existing cash position, together with bank facilities available at that time. Since the return, the Exchange has successfully refinanced intermediate bank debt by issuing a £250 million 10 year corporate bond.

The Board keeps the financial structure of the Company under close review and believes that the Exchange has the appropriate financial flexibility to pursue opportunities for further growth through its new financial structure and its continued cash generation capability.

OUTLOOK

The Exchange has made an excellent start to the financial year, supported by growth in each of its core business divisions. Many of the beneficial trends underpinning our performance so far this year have continued into the second half:

- trading on SETS remains very strong, with 45 per cent growth in daily bargains in October over the same period last year;

- the primary market continues to be active, with 13 new issues on our Main Market in October compared with 11 in the same period last year;

- demand for real time pricing and trading data is robust; and

- our TRM programme is moving towards completion as planned in H1 2007.

Costs are being tightly managed, with the Exchange on course to realise the forecast cost reduction for this year, and the Group's balance sheet has been successfully moved to a more efficient structure. The results achieved in the first half of the year support our expectation of an excellent result for the full year and further growth thereafter.

We will create further value for customers and shareholders as our Technology Road Map delivers additional growth and as our market becomes increasingly efficient and international. We will continue to capitalise on our exceptionally valuable global brand and our unique strategic position at the heart of the world's capital market in London.

CHRIS GIBSON-SMITH
Chairman
8 November 2006

CONSOLIDATED INCOME STATEMENT

Six months ended 30 September 2006

Continuing operations	Notes	Six months ended 30 September 2006 Unaudited £m	Six months ended 30 September 2005 Unaudited £m	Year ended 31 March 2006 £m
Revenue				
Ongoing revenue	2	**163.3**	136.1	291.1
Exceptional revenue	3	**–**	–	6.4
Total		**163.3**	136.1	297.5
Expenses				
Operating expenses before exceptional items	2	**(82.0)**	(85.3)	(171.0)
Exceptional expenses	3	**–**	(25.7)	(41.1)
Total		**(82.0)**	(111.0)	(212.1)
Operating profit	2	**81.3**	25.1	85.4
Analysed as:				
Operating profit before exceptional items		**81.3**	50.8	120.1
Exceptional items	3	**–**	(25.7)	(34.7)
Operating profit	2	**81.3**	25.1	85.4
Finance income		**8.8**	9.9	20.2
Finance costs		**(14.5)**	(6.5)	(13.6)
Net finance (costs)/income	4	**(5.7)**	3.4	6.6
Share of profit after tax of joint venture		**0.8**	0.6	1.2
Investment income		**0.3**	0.3	0.3
Profit before taxation		**76.7**	29.4	93.5
Taxation	5	**(22.4)**	(8.8)	(26.7)
Profit for the financial period		**54.3**	20.6	66.8
Profit/(loss) attributable to minority interest		**0.2**	(3.8)	(3.9)
Profit attributable to equity holders		**54.1**	24.4	70.7
		54.3	20.6	66.8
Basic earnings per share	6	**24.2p**	9.6p	27.8p
Diluted earnings per share	6	**23.9p**	9.5p	27.4p
Dividend per share in respect of financial period:	7			
Dividend per share paid during the period		**8.0p**	5.0p	9.0p
Dividend per share proposed for the period		**6.0p**	4.0p	12.0p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

Six months ended 30 September 2006

	£m	£m	£m
Profit for the financial period	**54.3**	20.6	66.8
Defined benefit pension scheme actuarial gain/(loss), net of tax	**1.4**	0.8	(2.8)
Tax allowance on share options/awards in excess of expense recognised	**3.4**	–	2.6
	4.8	0.8	(0.2)
Total recognised income and expense for the financial period	**59.1**	21.4	66.6
Attributable to minority interest	**0.2**	(3.8)	(3.9)
Attributable to equity holders	**58.9**	25.2	70.5
	59.1	21.4	66.6

CONSOLIDATED BALANCE SHEET

30 September 2006

	Notes	30 September 2006 Unaudited £m	30 September 2005 Unaudited £m	31 March 2006 £m
Assets				
Non-current assets				
Property, plant and equipment		**60.0**	66.2	64.1
Intangible assets	8	**52.4**	49.1	51.6
Available for sale investments		**0.4**	0.4	0.4
Investment in joint venture	9	**2.1**	1.8	1.7
Deferred tax assets		**15.2**	18.4	19.8
		130.1	135.9	137.6
Current assets				
Trade and other receivables	10	**53.1**	79.1	49.3
Cash and cash equivalents		**78.8**	166.1	226.8
		131.9	245.2	276.1
Total assets		**262.0**	381.1	413.7
Liabilities				
Current liabilities				
Trade and other payables	11	**71.6**	58.3	51.1
Current tax		**12.9**	13.2	11.9
Borrowings	12	**114.7**	2.8	0.6
Provisions	13	**11.6**	15.5	15.1
		210.8	89.8	78.7
Non-current liabilities				
Borrowings	12	**248.8**	0.5	0.5
Retirement benefit obligations	14	**17.0**	16.5	20.3
Provisions	13	**24.3**	27.1	25.4
		290.1	44.1	46.2
Total liabilities		**500.9**	133.9	124.9
Net (liabilities)/assets		**(238.9)**	247.2	288.8
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	15	**253.5**	14.9	14.9
Share premium	15	**–**	–	4.3
Retained (loss)/earnings	15	**(239.0)**	235.0	268.0
Other reserves	15	**(255.2)**	–	–
		(240.7)	249.9	287.2
Minority interest in equity	15	**1.8**	(2.7)	1.6
Total equity		**(238.9)**	247.2	288.8

CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 September 2006

	Notes	Six months ended 30 September 2006 Unaudited £m	2005 Unaudited £m	Year ended 31 March 2006 £m
Cash flow from operating activities				
Cash generated from operations	16	**99.7**	76.0	140.6
Interest received		**4.4**	2.9	7.4
Interest paid		**(3.2)**	(0.2)	(1.5)
Corporation tax paid		**(13.9)**	(12.5)	(29.0)
Net cash inflow from operating activities		**87.0**	66.2	117.5
Cash flow from investing activities				
Purchase of property, plant and equipment		**(2.9)**	(2.2)	(5.3)
Purchase of intangible assets		**(7.7)**	(12.2)	(20.5)
Receipts from disposal of Stock Exchange Tower		**–**	–	33.2
Further consideration for acquisition of subsidiary undertaking		**–**	–	(6.2)
Dividends received from joint venture		**0.4**	1.0	1.7
Dividends received from financial assets		**0.3**	0.3	0.3
Net cash (outflow)/inflow from investing activities		**(9.9)**	(13.1)	3.2
Cash flow from financing activities				
Dividends paid		**(20.5)**	(12.6)	(22.8)
Cash impact of capital return – May 2006		**(496.0)**	–	–
Drawdown on loan and bridge facility to fund capital return – May 2006		**356.0**	–	–
Bond issue – July 2006		**249.2**	–	–
Repayment of bridge facility – July 2006		**(250.0)**	–	–
Net decrease in drawn loan facility		**(8.0)**	–	–
Issue of ordinary share capital		**–**	–	4.3
Issue of ordinary share capital to minority interest		**–**	–	1.6
Loans received from minority shareholder		**–**	–	0.6
Equity transaction costs		**(0.8)**	–	–
Purchase of own shares by ESOP trust		**(32.5)**	–	(4.7)
Share buyback		**(26.3)**	–	–
Proceeds from own shares on exercise of employee share options		**3.8**	1.2	2.7
Net cash outflow from financing activities		**(225.1)**	(11.4)	(18.3)
(Decrease)/increase in cash and cash equivalents		**(148.0)**	41.7	102.4
Cash and cash equivalents at beginning of period		**226.8**	124.4	124.4
Cash and cash equivalents at end of period		**78.8**	166.1	226.8

NOTES TO THE FINANCIAL INFORMATION

The interim report for London Stock Exchange Group plc ('the Company') for the six months ended 30 September 2006 was approved by the Directors on 8 November 2006.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority and in accordance with IAS 34, Interim Financial Reporting. The accounting policies used are consistent with those set out on pages 43 to 44 of the Annual Report for London Stock Exchange plc for the year ended 31 March 2006, together with the accounting policies for the reverse acquisition and financial liabilities set out below, following the scheme of arrangement and issue of debt during the period. There has been no material impact during the period of new IFRS standards effective for periods beginning on or after 1 April 2006.

The preparation of the Interim Report requires management to make estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the Interim Report. Although these estimates and assumptions are based on management's best judgement at the date of the Interim Report, actual results may differ from these estimates.

The statutory accounts of London Stock Exchange plc for the year ended 31 March 2006 as well as those for London Stock Exchange Group plc for the period ended 31 March 2006, which carried an unqualified audit report, have been delivered to the Registrar of Companies.

The interim financial information is unaudited but has been reviewed by the auditors and their review opinion is included in this report. The interim financial information does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985.

REVERSE ACQUISITION

The Company was incorporated on 18 February 2005 as Milescreen Limited and changed its name to London Stock Exchange Group Limited on 16 November 2005. On 7 December 2005 the Company re-registered as a public limited company and became London Stock Exchange Group plc. On 15 May 2006 the Company became the holding company of London Stock Exchange plc pursuant to a scheme of arrangement under section 425 of the Companies Act 1985 ('the Scheme').

Under IFRS 3, Business Combinations, this group reconstruction effected by the Scheme has been accounted for as a reverse acquisition. Although this consolidated financial information has been issued in the name of the legal parent, the Company, it represents in substance a continuation of the financial information of the legal subsidiary, London Stock Exchange plc. The following accounting treatment has been applied in respect of the reverse acquisition:

a) the assets and liabilities of the legal subsidiary, London Stock Exchange plc, are recognised and measured in the consolidated financial information at the pre-combination carrying amounts, without restatement to fair value;

b) the retained (loss)/earnings and other equity balances recognised in the consolidated financial information reflect the retained earnings and other equity balances of London Stock Exchange plc immediately before the business combination, and the results of the period from 1 April 2006 to the date of the business combination are those of London Stock Exchange plc as the Company did not trade prior to the transaction. However, the equity structure appearing in the consolidated financial information reflects the equity structure of the legal parent, London Stock Exchange Group plc, including the equity instruments issued under the Scheme to effect the business combination; and

c) comparative numbers presented in the consolidated financial information are those reported in the consolidated financial information of the legal subsidiary, London Stock Exchange plc, for the six months ended 30 September 2005 and the year ended 31 March 2006.

The Company had no significant assets, liabilities or contingent liabilities of its own at the time that the Scheme took effect, and no cash consideration was paid in respect of the business combination. Transaction costs of equity transactions relating to the issue of the Company's shares are accounted for as a deduction from equity.

FINANCIAL LIABILITIES

Bank borrowings and bonds are recorded initially at proceeds received, net of direct issue and transaction costs (including upfront facility fees). Subsequently, these liabilities are carried at amortised cost, and interest charged to the income statement over the period of the borrowings, using the effective interest method.

Redeemable Class B shares issued in connection with the capital return are carried at amortised cost, and presented as a financial liability within borrowings, in line with IAS 32, Financial Instruments: Disclosure and Presentation. The dividend accrued in respect of the Class B shares has been classified within finance costs in the income statement.

2. SEGMENT INFORMATION

Segmental disclosures for the six months ended 30 September 2006 are as follows:

	Issuer Services £m	Broker Services £m	Information Services £m	Derivatives Services £m	Other £m	Corporate £m	Group £m
Revenue							
Ongoing revenue	28.7	76.1	50.9	4.4	3.2	–	163.3
Expenses							
Depreciation and amortisation	(1.5)	(5.8)	(4.9)	(0.2)	(0.1)	(0.3)	(12.8)
Other expenses	(16.4)	(20.0)	(20.9)	(3.7)	(3.2)	(5.0)	(69.2)
Total expenses	(17.9)	(25.8)	(25.8)	(3.9)	(3.3)	(5.3)	(82.0)
Operating profit	10.8	50.3	25.1	0.5	(0.1)	(5.3)	81.3
Share of profit after tax of joint venture	–	–	0.8	–	–	–	0.8

Comparative segmental disclosures for the six months ended 30 September 2005 are as follows:

	Issuer Services £m	Broker Services £m	Information Services £m	Derivatives Services £m	Other £m	Corporate £m	Group £m
Revenue							
Ongoing revenue	26.8	56.9	45.1	3.9	3.4	–	136.1
Expenses							
Depreciation and amortisation	(1.3)	(7.0)	(4.1)	(0.6)	(0.1)	(0.3)	(13.4)
Exceptional costs (see note 3)	–	–	–	(23.1)	–	(2.6)	(25.7)
Other expenses	(15.3)	(21.4)	(22.3)	(5.3)	(3.4)	(4.2)	(71.9)
Total expenses	(16.6)	(28.4)	(26.4)	(29.0)	(3.5)	(7.1)	(111.0)
Operating profit	10.2	28.5	18.7	(25.1)	(0.1)	(7.1)	25.1
Share of profit after tax of joint venture	–	–	0.6	–	–	–	0.6

2. SEGMENT INFORMATION (CONTINUED)

Comparative segmental disclosures for the year ended 31 March 2006 are as follows:

	Issuer Services £m	Broker Services £m	Information Services £m	Derivatives Services £m	Other £m	Corporate £m	Group £m
Revenue							
Ongoing revenue	56.9	125.5	94.1	7.7	6.9	–	291.1
Exceptional revenue (see note 3)	–	–	6.4	–	–	–	6.4
Total revenue	56.9	125.5	100.5	7.7	6.9	–	297.5
Expenses							
Depreciation and amortisation	(2.6)	(13.0)	(9.2)	(0.9)	(0.2)	(0.6)	(26.5)
Exceptional costs (see note 3)	–	–	–	(23.2)	–	(17.9)	(41.1)
Other expenses	(30.4)	(43.0)	(45.8)	(10.4)	(6.5)	(8.4)	(144.5)
Total expenses	(33.0)	(56.0)	(55.0)	(34.5)	(6.7)	(26.9)	(212.1)
Operating profit	23.9	69.5	45.5	(26.8)	0.2	(26.9)	85.4
Share of profit after tax of joint venture	–	–	1.2	–	–	–	1.2

Revenue from the Other segment represents property letting and activities not directly related to the main four business segments. Corporate expenses are for corporate services which cannot reasonably be allocated to business segments. Principal operations and customers of the Group are in the United Kingdom.

3. EXCEPTIONAL ITEMS

	Six months ended 30 September		Year ended 31 March
	2006 £m	2005 £m	2006 £m
Information Services revenue	**–**	–	6.4
Fees in respect of potential offers for the Company	**–**	(2.6)	(12.1)
Impairment of goodwill and provision in respect of EDX London Ltd	**–**	(23.1)	(23.1)
Restructuring costs	**–**	–	(5.9)
Total exceptional items	**–**	(25.7)	(34.7)

4. NET FINANCE (COSTS)/INCOME

	Six months ended 30 September		Year ended 31 March
	2006 £m	2005 £m	2006 £m
Finance income			
Bank deposit and other interest	**2.9**	4.5	9.4
Expected return on defined benefit pension scheme assets (see note 14)	**5.9**	5.4	10.8
	8.8	9.9	20.2
Finance costs			
Interest payable on bank and other borrowings	**(7.9)**	(0.1)	(0.8)
Interest on discounted provision for leasehold properties (see note 13)	**(0.7)**	(0.8)	(1.6)
Defined benefit pension scheme interest cost (see note 14)	**(5.9)**	(5.6)	(11.2)
	(14.5)	(6.5)	(13.6)
Net finance (costs)/income	**(5.7)**	3.4	6.6

5. TAXATION

Taxation charged to the income statement	Six months ended 30 September 2006 £m	Six months ended 30 September 2005 £m	Year ended 31 March 2006 £m
Current tax:			
Corporation tax for the period at 30% (2005: 30%)	**22.0**	13.9	30.4
Adjustments in respect of previous years	**(5.1)**	(1.2)	(2.5)
	16.9	12.7	27.9
Deferred tax:			
Deferred tax for the period	**0.4**	(4.3)	(2.0)
Adjustments in respect of previous years	**5.1**	0.4	0.8
Taxation charge	**22.4**	8.8	26.7

Taxation on items (credited)/charged to equity	Six months ended 30 September 2006 £m	Six months ended 30 September 2005 £m	Year ended 31 March 2006 £m
Current tax (credit):			
Tax allowance on share options/awards in excess of expense recognised	**(1.9)**	–	–
Deferred tax charge/(credit):			
Defined benefit pension scheme actuarial gains/(losses)	**0.6**	0.3	(1.2)
Tax allowance on share options/awards in excess of expense recognised	**(1.5)**	–	(2.6)

Factors affecting the tax charge for the period

The income statement tax charge assessed for the period differs from the standard rate of corporation tax in the UK of 30% (2005: 30%). The variations are explained below:

	Six months ended 30 September 2006 £m	Six months ended 30 September 2005 £m	Year ended 31 March 2006 £m
Profit before taxation	**76.7**	29.4	93.5
Profit multiplied by standard rate of corporation tax in the UK of 30%	**23.0**	8.8	28.1
Expenses not deductible/income not taxable	**(0.4)**	1.0	0.7
Share of joint venture consolidated at profit after tax	**(0.2)**	(0.2)	(0.4)
Adjustments in respect of previous years	**–**	(0.8)	(1.7)
Taxation charge	**22.4**	8.8	26.7

Factors that may affect future tax charges

The disposal of properties at their deemed cost amount would not give rise to a tax liability.

6. EARNINGS PER SHARE

Earnings per share is presented on three bases: basic earnings per share; diluted earnings per share; and adjusted basic earnings per share. Basic earnings per share is in respect of all activities and diluted earnings per share takes into account the dilution effects which would arise on the conversion or vesting of share options and share awards under the Employee Share Ownership Plan (ESOP). Adjusted basic earnings per share excludes exceptional items to enable comparison of the underlying earnings of the business with prior periods.

	Six months ended 30 September		Year ended 31 March
	2006	2005	2006
Basic earnings per share	**24.2p**	9.6p	27.8p
Diluted earnings per share	**23.9p**	9.5p	27.4p
Adjusted basic earnings per share	**24.2p**	15.7p	37.4p
	£m	£m	£m
Profit for the financial period attributable to equity holders	**54.1**	24.4	70.7
Adjustments:			
Exceptional items	**–**	25.7	34.7
Tax effect of exceptional items	**–**	(6.6)	(6.5)
Exceptional items and taxation attributable to minority interest	**–**	(3.7)	(3.7)
Adjusted profit for the financial period attributable to equity holders	**54.1**	39.8	95.2
Weighted average number of shares – million	**223.8**	253.9	254.3
Effect of dilutive share options and awards – million	**2.3**	2.7	4.1
Diluted weighted average number of shares – million	**226.1**	256.6	258.4

The weighted average number of shares excludes those held in the ESOP, reducing the weighted average number of shares to 223.8m (September 2005: 253.9m; March 2006: 254.3m).

7. DIVIDENDS

	Six months ended 30 September		Year ended 31 March
	2006 £m	2005 £m	2006 £m
Final dividend for 2005: 5.0p per Ordinary share	**–**	12.6	12.6
Interim dividend for 2006: 4.0p per Ordinary share	**–**	–	10.2
Second interim dividend for 2006: 8.0p per Ordinary share	**20.5**	–	–
Total dividends	**20.5**	12.6	22.8

An interim dividend relating to the six months ended 30 September 2006 of 6.0p, amounting to an estimated £12.7m, is proposed. This interim dividend, which is due to be paid in January 2007, is not reflected in this financial information. The right to non-cumulative preference dividends on the remaining redeemable Class B shares is discussed in note 12 below.

8. INTANGIBLE ASSETS

	Goodwill £m	Software £m	Total £m
Cost:			
1 April 2006	32.2	95.1	127.3
Additions during the period	–	7.8	7.8
30 September 2006	**32.2**	**102.9**	**135.1**
Amortisation and accumulated impairment:			
1 April 2006	21.1	54.6	75.7
Charge for the period	–	7.0	7.0
30 September 2006	**21.1**	**61.6**	**82.7**
Net book value:			
30 September 2006	**11.1**	**41.3**	**52.4**

9. INVESTMENT IN JOINT VENTURE

The Group owns 50% of the 1,000 £1 issued equity shares in FTSE International Ltd, a company incorporated in Great Britain which distributes financial information. FTSE International Ltd is a joint venture owned together with The Financial Times Ltd, a subsidiary of Pearson plc. The Group investment of £2.1m (30 September 2005: £1.8m, 31 March 2006: £1.7m) represents the Group's share of the joint venture's net assets. The Group is entitled, under a shareholders' agreement, to receive royalties from FTSE International Ltd, as set out below.

Summary financial information for FTSE International Ltd:

	Six months ended 30 September		**Year ended 31 March**
	2006 £m	2005 £m	2006 £m
Revenue	**19.3**	16.8	36.7
Profit after taxation	**1.6**	1.2	2.4
Total equity at period end	**4.2**	4.5	3.4
Amounts recognised in the financial information of the Group:			
Royalties receivable	**2.6**	2.1	4.8
Dividends receivable	**0.4**	1.0	1.7

10. TRADE AND OTHER RECEIVABLES

	30 September		**31 March**
	2006 £m	2005 £m	2006 £m
Current			
Trade receivables	**22.5**	17.3	20.0
Deferred consideration on disposal of Stock Exchange Tower	**–**	32.8	–
Other receivables	**0.4**	0.4	0.2
Prepayments and accrued income	**30.2**	28.6	29.1
Total trade and other receivables	**53.1**	79.1	49.3

11. TRADE AND OTHER PAYABLES

	30 September 2006 £m	30 September 2005 £m	31 March 2006 £m
Trade payables	**1.6**	1.7	2.0
Social security and other taxes	**4.5**	2.0	1.9
Other payables	**2.6**	2.4	2.1
Accruals and deferred income	**62.9**	52.2	45.1
Total trade and other payables	**71.6**	58.3	51.1

12. BORROWINGS

	30 September 2006 £m	30 September 2005 £m	31 March 2006 £m
Current			
Bank borrowings	**97.6**	–	–
Redeemable Class B shares	**16.5**	–	–
Other borrowings	**0.6**	2.8	0.6
	114.7	2.8	0.6
Non-current			
Bond issue	**248.3**	–	–
Other borrowings	**0.5**	0.5	0.5
	248.8	0.5	0.5
Total borrowings	**363.5**	3.3	1.1

Current borrowings

The Company has in place a multicurrency revolving loan facility of £200m, available up to February 2011. In addition, at 31 March 2006, the Company had a bridge facility of £250m, available up to April 2008, to fund a return of capital to shareholders. Approximately £350m of debt was drawn down on these facilities at 24 May 2006, to fund the return of capital to shareholders. In July 2006 the bridge facility was repaid from the proceeds of the bond issue (see Non-current borrowings below), and the bridge facility was cancelled. Borrowings under the loan facility are unsecured and currently bear interest at a floating rate of LIBOR plus 40 basis points.

Redeemable Class B shares were issued to facilitate the capital return in May 2006 (see note 15 below). Shareholders who elected to retain their B shares are entitled to a non-cumulative preference dividend based on 75% of six month LIBOR on 1 June and 1 December each year until 1 June 2009 and may redeem their B shares for 200 pence each on those dates. Any outstanding B shares will be redeemed on 1 June 2009.

Non-current borrowings

In July 2006 the Company issued a £250m bond. The bond is unsecured and is due for repayment in 2016, with a 5.875% coupon, interest to be paid semi-annually in arrears. The issue price of the bond was £99.679 per £100 nominal.

Other borrowings

Other borrowings represent unsecured loans from a minority shareholder in a subsidiary company. The interest rate payable on these loans is determined with reference to LIBOR.

13. PROVISIONS

	Property £m	Other £m	Total £m
1 April 2006	31.6	8.9	40.5
Utilised during the period	(2.4)	(2.9)	(5.3)
Interest on discounted provision	0.7	–	0.7
30 September 2006	**29.9**	**6.0**	**35.9**
Non-current	24.3	–	24.3
Current	5.6	6.0	11.6
	29.9	**6.0**	**35.9**

Property
The property provision represents the estimated net present value of future costs for lease rentals and dilapidation costs less the expected receipts from sub-letting space which is surplus to business requirements. The leases have between eight and 22 years to expiry.

Other
Other provisions relate to the one off implementation costs arising from the cost saving programme announced in February 2006, and onerous operating contracts in respect of EDX London Ltd.

14. RETIREMENT BENEFIT OBLIGATIONS

The Group operates separate defined benefit and defined contribution schemes. The assets of the defined benefit and defined contribution schemes are held separately from those of the Group.

	30 September		**31 March**
Defined benefit assets and obligations	**2006 £m**	2005 £m	2006 £m
Fair value of assets	**224.0**	208.5	222.7
Present value of funded obligations	**(241.0)**	(225.0)	(243.0)
Balance sheet liability	**(17.0)**	(16.5)	(20.3)

	Six months ended 30 September		**Year ended 31 March**
Movement in defined benefit net liability during the period	**2006 £m**	2005 £m	2006 £m
1 April 2006	**(20.3)**	(18.7)	(18.7)
Current service cost	**(0.7)**	(0.7)	(1.4)
Net finance cost	**–**	(0.2)	(0.4)
Contributions paid	**2.0**	2.0	4.2
Actuarial gain/(loss)	**2.0**	1.1	(4.0)
30 September 2006	**(17.0)**	(16.5)	(20.3)

15. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
				Other reserves			
	Share capital £m	Share premium £m	Retained (loss)/ earnings £m	Capital redemption reserve £m	Reverse acquisition reserve £m	Minority interest £m	Total equity £m
1 April 2005	14.9	–	220.3	–	–	1.1	236.3
Total recognised income and expense for the financial period	–	–	25.2	–	–	(3.8)	21.4
Final dividend relating to the year ended 31 March 2005	–	–	(12.6)	–	–	–	(12.6)
Employee share schemes and own shares	–	–	2.1	–	–	–	2.1
30 September 2005	**14.9**	**–**	**235.0**	**–**	**–**	**(2.7)**	**247.2**
Total recognised income and expense for the financial period	–	–	45.3	–	–	(0.1)	45.2
Interim dividend relating to the period ended 31 March 2006	–	–	(10.2)	–	–	–	(10.2)
Issue of new shares	–	4.3	–	–	–	–	4.3
Employee share schemes and own shares	–	–	(2.1)	–	–	–	(2.1)
Issue of share capital in subsidiary undertaking	–	–	–	–	–	4.4	4.4
31 March 2006	**14.9**	**4.3**	**268.0**	**–**	**–**	**1.6**	**288.8**
Scheme of arrangement – May 2006	238.7	(4.3)	(491.7)	257.3	(512.5)	–	(512.5)
Equity transaction costs	–	–	(1.0)	–	–	–	(1.0)
Total recognised income and expense for the financial period	–	–	58.9	–	–	0.2	59.1
Second interim dividend relating to year ended 31 March 2006	–	–	(20.5)	–	–	–	(20.5)
Share buyback	(0.1)	–	(26.2)	–	–	–	(26.3)
Employee share schemes and own shares	–	–	(26.5)	–	–	–	(26.5)
30 September 2006	**253.5**	**–**	**(239.0)**	**257.3**	**(512.5)**	**1.8**	**(238.9)**

Under the court-approved scheme of arrangement effected on 15 May 2006 (the Scheme – see note 1 above), the Company issued 43 new ordinary shares for every 51 existing ordinary shares in London Stock Exchange plc and one B share with a nominal value of 200 pence per share for every one existing ordinary share in London Stock Exchange plc. On 17 May 2006 the nominal value of the Company's new ordinary shares was reduced and the merger reserve created by the Scheme was capitalised through an issue of shares, and subsequently cancelled through a court-approved capital reduction, creating sufficient distributable reserves to enable the return of £512.5m to shareholders, leaving approximately £2 billion at the Company level after the return.

The B shares were issued as the mechanism to facilitate the capital return, through: an initial dividend of 200 pence per share; an immediate 200 pence redemption per share; or retention of the B shares with the right to redeem semi-annually up to June 2009 (see note 12 above). Payments to the 97% of shareholders who elected for the initial dividend or immediate redemption, totalling £496.0m, were made in May 2006.

Where shareholders opted to receive the initial dividend, each such B Share was reclassified as a 200 pence deferred share, which is not listed and has extremely limited rights. The Company may elect at any time in the future to redeem the deferred shares for an aggregate consideration of one pence. There were 119.4m deferred shares in issue at 30 September 2006, with aggregate nominal value of £238.7m.

The Scheme and capital reduction resulted in the creation of a reverse acquisition reserve of (£512.5m) in the consolidated accounts, and a capital redemption reserve of £257.3m.

After the Scheme and subsequent capital return, there were 216.0m ordinary shares in issue, at a nominal value of $6\frac{79}{86}$ pence per ordinary share. Following the buyback of 2.4m shares during the period, at a cost of £26.3m, there were 213.6m ordinary shares in issue at 30 September 2006, with aggregate nominal value of £14.8m.

The movement in employee share schemes and own shares of £26.5m includes the purchase of 2.9m shares at a cost of £32.5m by the ESOP during the period (net of proceeds from employees and share scheme expense).

16. NET CASH FLOW GENERATED FROM OPERATIONS

	Six months ended 30 September		Year ended 31 March
	2006 £m	2005 £m	2006 £m
Profit before taxation	**76.7**	29.4	93.5
Depreciation and amortisation	**12.8**	13.4	26.5
Impairment loss and provision for EDX London Ltd	**–**	23.1	23.1
Provision for restructuring costs	**–**	–	5.9
Net finance costs/(income)	**5.7**	(3.4)	(6.6)
Investment income	**(0.3)**	(0.3)	(0.3)
Share of profit after tax of joint venture	**(0.8)**	(0.6)	(1.2)
(Increase)/decrease in trade and other receivables	**(5.9)**	4.4	2.0
Increase in trade and other payables	**16.1**	12.7	3.4
Defined benefit pension obligation – contributions in excess of expenses charged	**(1.3)**	(1.3)	(2.8)
Provisions utilised during the period	**(5.3)**	(2.3)	(4.9)
Share scheme expense	**2.0**	0.9	2.0
Cash generated from operations	**99.7**	76.0	140.6
Comprising:			
Ongoing operating activities	**104.3**	77.9	145.9
Exceptional items (see note 3)	**(4.6)**	(1.9)	(5.3)
	99.7	76.0	140.6

17. TRANSACTIONS WITH RELATED PARTIES

Transactions with FTSE International Ltd during the period are summarised in note 9. The nature and contractual terms of key management compensation and inter-company transactions with subsidiary undertakings during the period are consistent with the disclosure in note 30 of the Annual Report of London Stock Exchange plc for the year ended 31 March 2006.

INDEPENDENT REVIEW REPORT TO LONDON STOCK EXCHANGE GROUP PLC

INTRODUCTION

We have been instructed by the Group to review the interim financial information for the six months ended 30 September 2006 which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the interim financial information.

DIRECTORS' RESPONSIBILITIES

The interim report, including the interim financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the International Accounting Standard 34, 'Interim Financial Reporting'.

The maintenance and integrity of the London Stock Exchange Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the interim financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the interim financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the interim financial information as presented for the six months ended 30 September 2006.

PRICEWATERHOUSECOOPERS LLP
Chartered Accountants and Registered Auditors
London
8 November 2006

FINANCIAL CALENDAR

Ex-dividend date for interim dividend	6 December 2006
Interim dividend record date	8 December 2006
Interim dividend payment date	5 January 2007
Q3 trading statement (revenues only)	end January 2007
Financial year end	31 March 2007
Preliminary results	May 2007
Annual General Meeting	July 2007

The financial calendar is updated on a regular basis throughout the year.
Please refer to our website for up-to-date details **www.londonstockexchange-ir.com/lse/services/calendar**

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