13 November 2013

LONDON STOCK EXCHANGE GROUP plc

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

- Good overall financial performance with headline revenue growth across all of the Group's main business areas

- Revenue up 44 per cent to £504.2 million (H1 FY 2013: £349.8 million), including five months' contribution from LCH.Clearnet; revenue up 8 per cent on organic and constant currency basis

- Total income (excluding unrealised gains/losses at LCH.Clearnet) up 34 per cent at £567.1 million (H1 FY 2013: £423.7 million); down 4 per cent on organic and constant currency basis

- Underlying operating expenses kept broadly flat, reflecting continued good cost control

- Adjusted operating profit[1] up 6 per cent at £229.9 million (H1 FY 2013: £217.2 million); down 13 per cent on organic and constant currency basis; operating profit of £151.0 million (H1 FY 2013: £186.8 million)

- Adjusted basic EPS[1] of 48.2 pence (H1 FY 2013: 51.8 pence); basic EPS of 24.9 pence (H1 FY 2013: 43.0 pence)

- Interim dividend up 4 per cent to 10.1 pence per share (H1 FY 2013: 9.7 pence per share)

- Acquisition of majority stake in LCH.Clearnet completed in May 2013, with major project programmes now live to deliver operational efficiencies, synergies and other benefits; new LCH.Clearnet Group CEO appointed

- SwapClear discussions are ongoing to ensure EMIR compliance

- Numerous new products, services and projects live in the period, including: a CSD in Luxembourg; MTS swaps service; a London-based derivatives market; the launch of FTSE Super Liquid contracts; new FTSE fixed income indices business and acquisition of majority stake in the EuroTLX retail bond platform

Commenting on performance of the Group, Xavier Rolet, Chief Executive said:

"This has been a good overall first half for the Group. The 44 per cent rise in our revenue reflects an underlying increase of 8 per cent, with growth across all our business divisions, as well as the first time inclusion of LCH.Clearnet. Particular highlights include strong performances from our fixed income business, the resurgent IPO market and further growth in FTSE from both the organic business and the new fixed income indices business.

"The Group is increasingly international and diverse and we are well positioned in a wide range of businesses and markets. We remain focused on developing growth opportunities, realising the benefits from the acquisition of LCH.Clearnet, and delivering on our strategy."

[1] before amortisation of purchased intangibles, non-recurring items and unrealised net investment gains/losses at LCH.Clearnet.
All comparisons are against the same corresponding period in the previous year unless stated otherwise.

Further information is available from:

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Additional information on London Stock Exchange Group can be found at **www.lseg.com**

Further information

The Group will host a presentation of its Interim Results for analysts and institutional shareholders today at 10.00am at 10 Paternoster Square, London EC4M 7LS. The presentation will be accessible via live web cast which can be viewed at http://www.lseg.com/investor-relations or listened to on the numbers below:

Participant UK FreeCall Dial-In Numbers: 0800 694 0257
Participant Std International Dial-In: +44 (0) 1452 555 566
Conference ID # 98505369

For further information, please call the Group's Investor Relations team on +44 (0) 20 7797 3322.

Chairman's Statement

Overview

Over the last four years, the Group has been successfully executing on its strategy to grow and diversify revenues and to develop its international scale and reach, both organically and by selected acquisitions. We continue to make good progress, in particular with the completion of the acquisition of a majority stake in LCH.Clearnet during the period, which gives us a systemically important financial infrastructure asset with significant international scale. This acquisition also provides us with the ability to further transform our business over coming years, working in partnership with customers, by developing growth opportunities in OTC and other markets and by implementing operational efficiencies and service improvements. While still early days, we have formed detailed programmes to start achieving the various benefits of this transaction, and we will report further in future periods as we make progress.

The Group also established an international fixed income indices business, FTSE TMX Global Debt Capital Markets, in April 2013. This transaction increases FTSE's profile in North America and strengthens its position in fixed income, the fastest growing asset class in the ETF and mutual fund segments. In addition, the Group acquired a 70 per cent stake in EuroTLX, an Italian multilateral trading facility in the retail fixed income market. A number of new initiatives were also launched, including:

- a Central Securities Depository in Luxembourg, which extends the Group's CSD services through an open-access model to help customers meet regulatory obligations, with the first major bank customer already signed to use the service;

- MTS Swaps, a new platform that will give buy-side institutions the ability to trade interest rate swaps electronically; and

- a new contract, FTSE UK Large Cap Super Liquid index (FTSE UK SLQ) futures, available to trade on the new London Stock Exchange Derivatives Market.

We highlight the major factors determining Group performance in our principal business segments, over the past six months, in the commentary below.

Operational Performance

Information Services revenues increased 14 per cent to £168.3 million (up 9 per cent on an organic and constant currency basis). This growth mainly reflects the strong performance by the FTSE indices business, with revenues up 29 per cent to £83.9 million, which includes contribution from the Vanguard contract win as funds completed the switch to FTSE indices as well as from the new fixed income indices business which contributed £5.8 million in the period. Nearly two years following completion of the acquisition of the outstanding 50 per cent share of FTSE, the Group is on track to achieve the aggregate target £28 million revenue and cost synergies from the transaction, and expects to exceed the £10 million cost saving by the end of the three year timetable.

The number of professional users of real time UK data at 30 September 2013 declined 7 per cent year on year to 80,000, while the number of professional users of Italian data reduced by 9 per cent over the same period. Helping to offset the reduction in real time sales was a 6 per cent increase in revenue from other information services.

Post Trade Services, comprising CC&G and Monte Titoli in Italy, grew revenue by 8 per cent to £48.1 million (up 1 per cent at constant currency) with clearing revenues impacted by the reduction in Italian equity and derivatives trading volumes. Settlement revenues rose 11 per cent (up 4 per cent at constant currency) as total settlement instructions increased, while custody revenues grew 7 per cent (flat at constant currency). Treasury income decreased as expected, declining 59 per cent to £28.1 million. CC&G completed the move to the 95 per cent secured investment level for cash margin, needed to meet EMIR requirements, by September 2013, with a consequent reduction in yields.

LCH.Clearnet contributed revenue of £111.2 million and net treasury income of £30.5 million in the five month period as part of the Group. The SwapClear OTC IRS clearing business performed well, contributing clearing revenue of £41 million with increased dealer and client membership (one of the principal revenue drivers) and a 24 per cent year on year increase in notional value cleared. Revisions to the profit sharing arrangements were agreed for the period, whereby LCH.Clearnet's share of profit from Swapclear is expected to be approximately 34 per cent in 2013. As part of this revision, LCH.Clearnet commenced funding a proportion of the future development expenditure for the SwapClear service. Further discussions are also in progress regarding the way in which SwapClear and other LCH.Clearnet services are structured, governed and managed, to ensure they meet EMIR and other regulatory requirements for clearing houses.

While the transaction was only completed in May, we remain even more convinced of the opportunities in the business, and we have progressed speedily in a number of areas to start the process of achieving benefits from the change in majority ownership. Work is underway to quantify further efficiencies in addition to the synergies already documented at the time of the transaction. Investment continues where needed to drive growth, enhance risk management and ensure on-going regulatory compliance. A new Group CEO, Suneel Bakhshi, was recently appointed, due to start in Q1 calendar 2014. He brings substantial experience in risk management and process change in complex organisations, which should prove invaluable as LCH.Clearnet executes its strategy as part of LSEG.

Revenue for the Group’s Capital Markets segment, which includes primary and secondary market activities, increased 12 per cent to £145.2 million. In primary markets, the total amount of capital raised increased 114 per cent to £16.3 billion, reflecting a good recovery in equity issuance for domestic and international companies across our markets. In total, 52 companies were admitted to trading on AIM, 6 companies came to market in Italy and 21 issuers joined our main markets in London. Looking ahead, the pipeline of companies working on joining our markets remains encouraging. In Italy, the ELITE programme, which helps companies that are exploring listing, has grown to over 130 firms.

In secondary markets, average daily value traded in the UK cash equities market increased 2 per cent to £4.2 billion, while in Italy the average daily number of trades reduced by 8 per cent to 209,000, reflecting a generally weak trend across many markets in Europe. Trading on Turquoise was stronger, with a 63 per cent rise in average daily equity value traded on a pan-European basis. The Group’s derivatives markets experienced weak conditions with 34 and 24 per cent declines in volume traded in the UK and Italy respectively.

The fixed income business produced a good performance with trading volumes on the MTS repo markets up 10 per cent year on year while the MTS cash market and BondVision (the dealer to client electronic bond platform) increased 37 per cent. MOT, the Italian retail bond market, grew 7 per cent.

Revenues for Technology Services increased 15 per cent to £29.4 million, up 6 per cent on an organic constant currency basis. MillenniumIT performed well, with revenues up 11 per cent at constant currency, mostly relating to growth in the Enterprise Service Provision operation.

Revenues from other technology services also grew, with contribution from the recently acquired specialist GATELab IT business.

Financial Summary

Unless otherwise stated, all figures below refer to the six months ended 30 September 2013. Comparative figures are for the six months ended 30 September 2012 (H1 FY 2013). Variance is also provided at organic and constant currency. The basis of preparation is set out at the end of this report.

	Six months ended 30 September			Organic and constant currency
	2013 £m	2012 £m	Variance %	variance %
Revenue				
Information Services	**168.3**	147.6	14%	9%
Post Trade Services	**48.1**	44.6	8%	1%
LCH.Clearnet	**111.2**	-	-	-
Capital Markets	**145.2**	129.7	12%	9%
Technology Services	**29.4**	25.6	15%	6%
Other revenue	**2.0**	2.3	(13%)	(13%)
Total revenue	**504.2**	349.8	44%	8%
Net treasury income through CCP business:				
CC&G	**28.1**	68.1	(59%)	(61%)
LCH.Clearnet	**30.5**	-	-	-
Other income	**4.3**	5.8	(26%)	(26%)
LCH.Clearnet unrealised gain / (loss)	**(2.0)**	-	-	-
Total income including unrealised	**565.1**	423.7	-	-
Total income excluding unrealised	**567.1**	423.7	34%	(4%)
Operating expenses -	**(337.2)**	(206.5)	63%	6%
Adjusted operating profit*	**229.9**	217.2	6%	(13%)
Amortisation of purchased intangibles and non-recurring items	**(76.9)**	(30.4)	153%	53%
Operating profit	**151.0**	186.8	(19%)	(24%)
Basic earnings per share (p)	**24.9**	43.0	(42%)	
Adjusted basic earnings per share (p)*	**48.2**	51.8	(7%)	
Dividend (p)	**10.1**	9.7	4%	

* before amortisation of purchased intangibles, non-recurring items and unrealised net investment gains/losses at LCH.Clearnet
LCH.Clearnet results represent five months ended 30 September 2013; for equivalent period comparatives in 2012 (prior to being part of LSEG), see section "Operating Performance – Key statistics" below

Organic growth is calculated in respect of businesses owned for at least 12 months and so excludes EuroTLX, FTSE TMX Global Debt Capital Markets, GATElab and LCH.Clearnet.

The Group produced a good overall financial performance. Revenue (excluding unrealised gains/losses at LCH.Clearnet) increased 44 per cent to £504.2 million (H1 FY 2013: £349.8 million) and total income (excluding unrealised gains/losses at LCH.Clearnet) rose 34 per cent to £567.1 million (H1 FY 2013: £423.7 million). The increase in both lines reflects contribution from LCH.Clearnet since 1 May 2013, offsetting the expected decline in net treasury income from CC&G, which was £40 million lower than the same period last year following changes in investment of cash margin and lower spreads achieved.

Operating expenses, before amortisation of purchased intangibles and non-recurring items, rose 63 per cent to £337.2 million (H1 FY 2013: £206.5 million), mainly reflecting the inclusion of LCH.Clearnet for a five month period. Adjusting for currency changes, estimated inflation and the impact of the acquisitions, principally being LCH.Clearnet and the FTSE TMX fixed income indices business, operating costs were broadly flat, reflecting continued control of our underlying cost base.

Adjusted operating profit for the period, before amortisation of purchased intangibles, non-recurring items and unrealised losses, increased 6 per cent to £229.9 million (H1 FY 2013: £217.2 million).

Net finance costs were £35.0 million, up from £21.4 million in H1 last year, reflecting the increased cost of carry of the £300 million retail bond (issued in November 2012) that replaced short-dated bank debt, the drawing of credit facilities to fund the acquisition of the majority stake in LCH.Clearnet in May 2013 and also arrangement fees totalling £3 million for new bank revolving facilities, signed in July 2013. The underlying effective Group tax rate was 27.1 per cent, lower than the rate for the year ended 31 March 2013 (29.0 per cent).

Net cash inflow from operating activities was £156.4 million (H1 FY 2013: £172.5 million), reflecting the decline in net treasury income, partly offset by cash from LCH.Clearnet after payment of interest of £11 million on their Preferred Securities. Capital expenditure in the period amounted to £35.3 million (H1 FY 2013: £26.7 million). Net cash generated after capex, other investments and dividends was £64.7 million (H1 FY 2013: £79.5 million). Free cash flow per share (post net interest paid, tax paid and investment activities) was 44.3p (H1 FY 2013: 50.0p).

At 30 September 2013, adjusted net debt was £1,179.9 million (after setting aside £200 million of cash for regulatory and operational support purposes for the core LSEG businesses, and assuming no surplus cash at LCH.Clearnet) while drawn borrowings of £1,312.5 million are £515.7 million higher than at the start of the current financial year. This increase in borrowings mainly reflects financing of the acquisition of the majority stake in LCH.Clearnet, its subsequent capital raise and consolidation of the LCH.Clearnet Group Preferred Securities. Committed debt and credit lines available for general group purposes at 30 September 2013 totalled £1.5 billion, extending out to 2016 or beyond. At 30 September 2013, pro forma net debt:EBITDA was 2.2 times.

In July 2013, the Group signed a new £700 million unsecured, committed revolving facility package, on improved terms, to replace its existing credit lines. The new facility package comprises a mix of 5 and 3 year commitments which extend the Group's debt maturity profile and underpin its financial flexibility.

The Group had net assets of £1,898.7 million at 30 September 2013 (31 March 2013: £1,599.0 million), including LCH.Clearnet following the acquisition of a 57.8 per cent stake from 1 May 2013. The central counterparty clearing business assets and liabilities within both CC&G and, for the first time, LCH.Clearnet are shown gross on the balance sheet as the amounts receivable and payable, which largely offset each other, are unable to be netted under accounting treatments.

Interim Dividend

The Directors have declared an interim dividend of 10.1 pence per share, an increase of 4 per cent on the interim dividend paid last year. The interim dividend will be paid on 6 January 2014 to shareholders on the register on 6 December 2013.

Outlook

The Group has delivered good overall six month results, reflecting growth both within the core businesses and from new additions to the Group.

The Group is increasingly international and diverse and we are well positioned in a wide range of businesses and markets. Looking forward, the IPO pipeline appears healthy with a number of companies poised to join our markets, we are making good progress at FTSE and integration work streams are underway following the acquisition of a majority stake in LCH.Clearnet. We remain focused on developing growth opportunities, realising the benefits from the acquisition of LCH.Clearnet and delivering on our stated strategy.

Chris Gibson-Smith
Chairman
13 November 2013

Operating Performance – Key statistics

To assist investors in understanding the underlying performance of the Group, percentage changes are also presented on a constant currency basis.

Capital Markets

Capital Markets comprises the Group's primary markets activities, providing access to capital for corporates and others, and the secondary market trading of cash equities, derivatives and fixed income.

	Six months ended 30 September			Constant currency
	2013	**2012**	**Variance**	**variance**
Revenue	**£m**	**£m**	**%**	**%**
Primary Markets				
Annual fees	**20.3**	19.2	6%	4%
Admission fees	**17.1**	14.5	18%	17%
	37.4	33.7	11%	9%
Secondary Markets				
Cash equities UK & Turquoise	**46.4**	42.9	8%	8%
Cash equities Italy	**17.2**	16.3	6%	(1%)
Derivatives	**9.7**	9.5	2%	(3%)
Fixed income	**30.0**	24.1	24%	18%
	103.3	92.8	11%	8%
Other	**4.5**	3.2	41%	-
Total revenue	**145.2**	129.7	12%	9%

Capital Markets - Primary Markets

	Six months ended 30 September 2013	2012	Variance %
New Issues			
UK Main Market, PSM & SFM	21	14	50%
UK AIM	52	43	21%
Borsa Italiana	6	4	50%
Total	**79**	**61**	**30%**
Company Numbers (as at period end)			
UK Main Market, PSM & SFM	1,363	1,393	(2%)
UK AIM	1,090	1,107	(2%)
Borsa Italiana	283	288	(2%)
Total	**2,736**	**2,788**	**(2%)**
Market Capitalisation (as at period end)			
UK Main Market (£bn)	2,192	1,885	16%
UK AIM (£bn)	69	64	8%
Borsa Italiana (€bn)	399	345	16%
Borsa Italiana (£bn)	333	275	21%
Total (£bn)	**2,594**	**2,224**	**17%**
Money Raised (£bn)			
UK New	3.7	3.8	(3%)
UK Further	11.6	2.4	383%
Borsa Italiana new and further	1.0	1.4	(29%)
Total (£bn)	**16.3**	**7.6**	**114%**

Capital Markets - Secondary Markets

Equity	Six months ended 30 September 2013	2012	Variance %
Totals for period			
UK value traded (£bn)	528	508	4%
Borsa Italiana (no of trades m)	26.8	28.6	(6%)
Turquoise value traded (€bn)	340.1	200.8	69%
SETS Yield (basis points)	0.66	0.68	(3%)
Average daily			
UK value traded (£bn)	4.2	4.1	2%
Borsa Italiana (no of trades '000)	209	227	(8%)
Turquoise value traded (€bn)	2.6	1.6	63%
Derivatives (contracts m)			
LSE Derivatives	8.8	13.4	(34%)
IDEM	15.6	20.4	(24%)

Total	**24.4**	**33.8**	**(28%)**

Fixed Income			
MTS cash and Bondvision (€bn)	1,509	1,103	37%
MTS money markets (€bn term adjusted)	36,438	32,977	10%
MOT number of trades (m)	2.86	2.68	7%

Post Trade Services

The Post Trade Services division principally comprises the Group's Italian-based clearing, settlement and custody businesses.

	Six months ended 30 September 2013 £m	2012 £m	Variance %	Constant currency variance %
Revenue				
Clearing	**19.1**	17.7	8%	2%
Settlement	**7.8**	7.0	11%	4%
Custody & other	**21.2**	19.9	7%	0%
Total revenue	**48.1**	44.6	8%	1%
Net treasury income	**28.1**	68.1	(59%)	(61%)
Total income	**76.2**	112.7	(32%)	(37%)

Post Trade Services

	Six months ended 30 September 2013	2012	Variance %
CC&G Clearing (m)			
Equity clearing (no of trades)	28.2	30.1	(6%)
Derivative clearing (no of contracts)	15.6	20.4	(24%)
Total	**43.8**	**50.5**	**(13%)**
Open interest (contracts as at period end)	5.1	4.8	6%
Initial margin held (average €bn)	12.0	10.5	14%
Monte Titoli			
Pre Settlement instructions (trades m)	13.3	13.8	(4%)
Settlement instructions (trades m)	13.6	12.6	8%
Total Settlement	**26.9**	**26.4**	**2%**
Custody assets under management (average €tn)	3.29	3.19	3%

LCH.Clearnet

The LCH.Clearnet division principally comprises the Group's majority owned global clearing business.

	Five months ended 30 September 2013 £m	2012 £m	Variance %	Constant currency variance %
Revenue				
OTC		Pro forma		
SwapClear	41.2	20.4	102%	88%
ForexClear / CDSClear	6.7	4.2	60%	51%
	47.9	**24.6**	**94%**	**82%**
Non-OTC				
Fixed income	13.8	13.0	6%	(1%)
Commodities	13.5	4.9	176%	159%
Listed derivatives	23.6	30.8	(23%)	(28%)

Cash equities	14.4	12.8	13%	5%
	65.3	**61.5**	**6%**	**(1%)**
Total Clearing fee revenue	**113.2**	**86.2**	31%	23%
Other revenue	(2.0)	15.5	(113%)	(112%)
Total revenue	**111.2**	**101.7**	9%	2%
Net treasury income	**30.5**	**29.4**	**4%**	**(3%)**
Unrealised gain / (loss)	***(2.0)***	***5.4***	-	-
Total income including unrealised	**139.7**	**136.6**	**-**	**-**
Total income excluding unrealised	**141.7**	**131.1**	**8%**	**1%**

LCH.Clearnet

	Six months ended 30 September		Variance
	2013	**2012**	**%**
OTC derivatives			
SwapClear			
IRS notional outstanding ($trn)	421.2	329.3	28%
IRS notional cleared ($trn)	240.8	194.3	24%
SwapClear members	100	67	49%
CDSClear			
Open interest (€bn)	20.3	7.8	160%
Notional cleared (€bn)	109.5	18.5	492%
CDSClear members	11	8	38%
ForexClear			
Notional value cleared ($bn)	439.2	236.4	86%
ForexClear members	15	13	15%
Non-OTC			
Fixed income - Nominal value (€trn)	36.9	35.6	4%
Commodities (lots m)	64.4	61.3	5%
Listed derivatives (contracts m)	83.2	101.5	(18%)
Cash equities trades (m)	178.3	173.7	3%
Average cash collateral (€bn)	40.2	48.7	(17%)

Information Services

The Information Services division consists of real time data products and a number of other discrete businesses, including Global Indices products, Trade Processing operations, Desktop and Work Flow products.

	Six months ended 30 September			Organic and constant currency
	2013	2012	Variance	variance[1]
	£m	£m	%	%
Revenue				
FTSE	**83.9**	64.8	29%	21%
Real time data	**44.5**	45.3	(2%)	(4%)
Other information services	**39.9**	37.5	6%	5%
Total revenue	**168.3**	147.6	14%	9%

Information Services

	As at 30 September		Variance
	2013	2012	%
UK Terminals			
Professional - UK	32,000	35,000	(9%)
Professional - International	48,000	51,000	(6%)
Total	**80,000**	**86,000**	**(7%)**
Borsa Italiana Professional Terminals	**128,000**	**140,000**	**(9%)**
FTSE			
ETFs assets under management benchmarked ($bn)	176	60	193%

Technology Services

Technology Services comprises technology connections and data centre services for clients of London Stock Exchange and Borsa Italiana, plus the MillenniumIT software business, based in Sri Lanka, which provides technology for the Group as well as third party sales and enterprise services.

Technology Services

	Six months ended 30 September			Organic and constant currency
	2013	2012	Variance	variance[1]
	£m	£m	%	%
Revenue				
MillenniumIT	**13.1**	11.4	15%	11%
Technology	**16.3**	14.2	15%	3%
Total revenue	**29.4**	25.6	15%	6%

Basis of Preparation

Results for the Italian business have been translated into Sterling using the exchange rates set out below. Constant currency growth rates have been calculated by translating prior period results at the average exchange rate for the current period.

	Closing € : £ rate	**Average € : £ rate for the period ended**
30 September 2013	€1.20	€1.17
30 September 2012	€1.25	€1.25
31 March 2013	€1.18	€1.23

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 September 2013 Unaudited £m	Six months ended 30 September Restated 2012 Unaudited £m	Year ended 31 March Restated 2013 £m
Revenue		**504.2**	349.8	726.4
Net treasury income through CCP business		**58.6**	68.1	116.7
Other Income		**2.3**	5.8	9.8
Total Income	2	**565.1**	423.7	852.9
Expenses				
Operating expenses before amortisation of purchased intangible assets and non-recurring items	3	**(337.2)**	(206.5)	(422.7)
Operating profit before amortisation of purchased intangible assets and non-recurring items		**227.9**	217.2	430.2
Amortisation of purchased intangible assets	4	**(57.8)**	(44.6)	(88.8)
Non-recurring items	4	**(19.1)**	14.2	7.0
Operating profit	2	**151.0**	186.8	348.4
Finance income		**2.5**	1.5	2.7
Finance expense		**(37.5)**	(22.9)	(52.2)
Net finance expense	5	**(35.0)**	(21.4)	(49.5)
Profit before taxation		**116.0**	165.4	298.9
Taxation on profit before amortisation of purchased intangible assets and non-recurring items		**(53.1)**	(56.4)	(95.7)
Taxation on amortisation of purchased intangible assets and non-recurring items	4	**8.8**	5.5	12.3
Total taxation	6	**(44.3)**	(50.9)	(83.4)
Profit for the financial period		**71.7**	114.5	215.5
Profit/(loss) attributable to non-controlling interests		**4.6**	(1.5)	(1.5)
Profit attributable to equity holders		**67.1**	116.0	217.0
		71.7	114.5	215.5
Basic earnings per share	7	**24.9p**	43.0p	80.4p
Diluted earnings per share	7	**24.6p**	42.4p	79.0p
Adjusted basic earnings per share	7	**48.2p**	51.8p	105.3p
Adjusted diluted earnings per share	7	**47.7p**	51.0p	103.4p
Dividend per share in respect of the financial period:	8			
Dividend per share paid during the period		**19.8p**	19.0p	28.7p
Dividend per share proposed for the period		**10.1p**	9.7p	29.5p

Restatement relates to the adoption of the revised IAS 19 'Employee Benefits' (note 1).

The notes on pages 6 to 22 form an integral part of this Interim Report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September 2013 Unaudited £m	Six months ended 30 September 2012 Unaudited £m	Year ended 31 March 2013 £m
Profit for the financial period	**71.7**	114.5	215.5
Other comprehensive income:			
Defined benefit pension scheme remeasurement gain/(loss)	**5.6**	(5.1)	(6.9)
Cash flow hedge	**(0.3)**	0.1	0.3
Net investment hedge	**(3.9)**	15.9	(1.9)
Change in value of available for sale financial assets	**1.0**	-	1.2
Exchange (loss)/gain on translation of foreign operations	**(24.9)**	(56.3)	19.2
Tax related to items not recognised in income statement	**(0.9)**	1.7	3.9
	(23.4)	(43.7)	15.8
Total comprehensive income for the financial period	**48.3**	70.8	231.3
Attributable to non-controlling interests	**2.0**	(4.0)	(0.6)
Attributable to equity holders	**46.3**	74.8	231.9
	48.3	70.8	231.3

All items with the exception of defined benefit pension scheme remeasurement can potentially be recycled through the income statement.

The notes on pages 6 to 22 form an integral part of this Interim Report.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 September 2013 Unaudited £m	30 September 2012 Unaudited £m	31 March 2013 £m
Assets				
Non-current assets				
Property, plant and equipment		**88.9**	79.9	80.1
Intangible assets	9	**2,500.2**	2,016.4	2,049.3
Investment in associates		**3.7**	11.4	0.6
Deferred tax assets		**31.1**	17.4	19.2
Derivative financial instruments	12	**4.3**	18.9	4.3
Available for sale investments	12	**0.4**	0.4	11.9
Retirement benefit asset	10	**9.1**	-	-
Other non-current assets		**51.1**	0.2	0.1
		2,688.8	2,144.6	2,165.5
Current assets				
Inventories		**3.3**	1.7	1.5
Trade and other receivables	11	**225.8**	162.1	185.7
Derivative financial instruments	12	**-**	0.2	-
Other financial assets	12	**111.5**	-	-
CCP financial assets		**534,147.3**	120,617.0	137,620.2
CCP cash and cash equivalents (restricted)		**25,998.9**	7,448.0	8,476.2
CCP clearing business assets	12	**560,146.2**	128,065.0	146,096.4
Current tax		**15.5**	15.6	24.6
Assets held at fair value	12	**15.2**	5.9	6.1
Cash and cash equivalents	12	**923.1**	231.5	446.2
		561,440.6	128,482.0	146,760.5
Total assets		**564,129.4**	130,626.6	148,926.0
Liabilities				
Current liabilities				
Trade and other payables	13	**399.5**	201.1	230.0
Derivative financial instruments	12	**21.8**	-	0.1
CCP clearing business liabilities	12	**554,812.7**	128,043.0	146,088.1
Current tax		**26.0**	48.0	43.2
Borrowings	14	**366.3**	203.2	0.4
Provisions	12	**2.2**	2.5	1.1
		555,628.5	128,497.8	146,362.9
Non-current liabilities				
Borrowings	14	**946.2**	510.0	796.4
Other non-current payables	13	**2.6**	2.7	3.4
Derivative financial instruments	12	**5.1**	-	3.5
Deferred tax liabilities		**173.6**	110.1	109.0
Default funds	12	**5,335.0**	-	-
Retirement benefit obligations	10	**25.1**	21.4	25.6
Other non-current liabilities		**70.9**	-	-
Provisions	12	**43.7**	26.3	26.2
		6,602.2	670.5	964.1
Total liabilities		**562,230.7**	129,168.3	147,327.0
Net assets		**1,898.7**	1,458.3	1,599.0
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital		**18.8**	18.8	18.8
Retained losses		**(160.2)**	(208.9)	(126.8)
Other reserves		**1,614.5**	1,583.3	1,638.5
Total shareholder funds		**1,473.1**	1,393.2	1,530.5
Non-controlling interests		**425.6**	65.1	68.5
Total equity		**1,898.7**	1,458.3	1,599.0

The notes on pages 6 to 22 form an integral part of this Interim Report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	Six months ended 30 September 2013 Unaudited £m	Six months ended 30 September 2012 Unaudited £m	Year ended 31 March 2013 £m
Cash flow from operating activities				
Cash generated from operations	16	**236.7**	246.0	487.5
Interest received		**3.5**	1.2	2.4
Interest paid		**(41.5)**	(22.3)	(43.2)
Corporation tax paid		**(19.1)**	(37.5)	(64.9)
Withholding tax paid		**(23.2)**	(14.9)	(39.3)
Net cash inflow from operating activities		**156.4**	172.5	342.5
Cash flow from investing activities				
Purchase of property, plant and equipment		**(8.9)**	(15.2)	(18.2)
Purchase of intangible assets		**(26.4)**	(11.5)	(28.2)
Investment in other acquisition		**-**	-	(11.2)
Investment in subsidiaries		**(376.8)**	-	(3.1)
Investment in associates		**(1.7)**	(11.2)	-
Dividends received		**0.3**	0.2	0.2
Net cash inflow from acquisitions		**432.0**	-	1.1
Net cash inflow/ (outflow) from investing activities		**18.5**	(37.7)	(59.4)
Cash flow from financing activities				
Capital raise		**114.4**	-	-
Dividends paid to shareholders		**(53.5)**	(51.2)	(77.4)
Dividends paid to non-controlling interests		**(1.5)**	(4.1)	(4.3)
Cost of capital raise		**(2.7)**	-	-
Proceeds from own shares on exercise of employee share options		**1.0**	-	0.3
Purchase of own shares by ESOP Trust		**(28.0)**	(13.9)	(13.9)
Repayment of borrowings		**(84.8)**	(43.9)	(257.8)
Proceeds from borrowings		**366.9**	-	297.6
Net cash inflow/(outflow) from financing activities		**311.8**	(113.1)	(55.5)
Increase in cash and cash equivalents		**486.7**	21.7	227.6
Cash and cash equivalents at beginning of period		**446.2**	216.0	216.0
Exchange (loss)/gain on cash and cash equivalents		**(9.8)**	(6.2)	2.6
Cash and cash equivalents at end of period		**923.1**	231.5	446.2

The notes on pages 6 to 22 form an integral part of this Interim Report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders					
	Ordinary share capital	Retained (loss)/ earnings	Other reserves	Total attributable to equity holders	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m
31 March 2012	18.8	(262.9)	1,620.9	1,376.8	72.9	1,449.7
Total comprehensive income for the financial period	-	112.4	(37.6)	74.8	(4.0)	70.8
Final dividend relating to the year ended 31 March 2012	-	(51.2)	-	(51.2)	-	(51.2)
Employee share scheme expenses	-	(7.2)	-	(7.2)	-	(7.2)
Dividend payments to non-controlling interests	-	-	-	-	(3.8)	(3.8)
30 September 2012 (unaudited)	18.8	(208.9)	1,583.3	1,393.2	65.1	1,458.3
Total comprehensive income for the financial period	-	101.9	55.2	157.1	3.4	160.5
Interim dividend relating to the year ended 31 March 2013	-	(26.2)	-	(26.2)	-	(26.2)
Employee share scheme expenses	-	6.4	-	6.4	-	6.4
31 March 2013	18.8	(126.8)	1,638.5	1,530.5	68.5	1,599.0
Total comprehensive income for the financial period	**-**	**70.3**	**(24.0)**	**46.3**	**2.0**	**48.3**
Final dividend relating to the year ended 31 March 2013	**-**	**(53.5)**	**-**	**(53.5)**	**-**	**(53.5)**
Employee share scheme expenses	**-**	**(18.6)**	**-**	**(18.6)**	**-**	**(18.6)**
Purchase of non-controlling interest	**-**	**(31.6)**	**-**	**(31.6)**	**355.1**	**323.5**
30 September 2013 (unaudited)	**18.8**	**(160.2)**	**1,614.5**	**1,473.1**	**425.6**	**1,898.7**

The other reserves are set out on page 80 of the Group's Annual Report for the year ended 31 March 2013. The movement in the current period comprises a charge of £19.8m to the foreign exchange reserves and a charge of £4.2m to the hedging reserve, both of which are distributable reserves.

The notes on pages 6 to 22 form an integral part of this Interim Report.

NOTES TO THE FINANCIAL INFORMATION

The Interim Report for London Stock Exchange Group plc ('the Group' or 'the Company') for the six months ended 30 September 2013 was approved by the Directors on 13 November 2013.

1. Basis of Preparation and Accounting Policies

This Interim Report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and in accordance with International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'.

The accounting policies used are consistent with those set out on pages 81 to 84 of the Group's Annual Report for the year ended 31 March 2013, with the exception of the changes in the standards identified below:

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) and have been adopted in these condensed consolidated interim financial statements:

Amendments to IFRS 1, 'First time adoption' – exemption for severe hyperinflation and removal of fixed dates;
Amendment to IFRS 7, 'Financial instruments: Disclosures' – disclosures on transfers of financial assets;
IAS19R 'Amendments to IAS 19 Employee Benefits';
IAS 1 'Presentation of Financial Statements' – Presentation of Items of Other Comprehensive Income; and
IFRS various Annual improvements 2013.

The adoption of these standards did not have a material impact on these condensed consolidated interim financial statements.

The restatement relating to IAS19R resulted in reclassification of net finance expenses with an immaterial impact to profit for the financial period.

The following standards and interpretations were issued by the IASB and IFRIC since the last Annual Report, but have not been adopted either because they were not endorsed by the European Union (EU) at 30 September 2013 or they are not yet mandatory and the Group has not chosen to early adopt. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not expect any of these changes to have a material impact on the results or the net assets of the Group:

International accounting standards and interpretations	Effective date
IFRS 9, 'Financial instruments'	1 January 2013
IFRS 10, 'Consolidated financial statements'	1 January 2013
IFRS 11, 'Joint arrangements'	1 January 2013
IFRS 12, 'Disclosure of interests in other entities'	1 January 2013
IAS 27 (Revised 2011), 'Separate financial statements'	1 January 2013
IAS 28 (Revised 2011), 'Associates and joint ventures'	1 January 2013
IAS 32, 'Financial instruments: Presentation'	1 January 2014
Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures	1 January 2014
Amendment to IAS 39 on novation of derivatives and hedge accounting	1 January 2014
IFRIC 21, 'Levies'	1 January 2014

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 judgment at the date of the Interim Report, actual results may differ from these estimates.

For these condensed consolidated interim financial statements the Group is not adopting the columnar format for its consolidated income statement as stated in the Group basis of preparation and accounting policies.

The statutory financial statements of London Stock Exchange Group plc for the year ended 31 March 2013, which carried an unqualified audit report, have been delivered to the Registrar of Companies and did not contain a statement under section 498 of the Companies Act 2006.

The Interim Report is unaudited but has been reviewed by the auditors and their review opinion is included in this report.

The Interim Report does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006.

2. Segmental Information

Segmental disclosures for the six months ended 30 September 2013 are as follows:

	Capital Markets	Post Trade Services	LCH. Clearnet	Information Services	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	**145.2**	**48.1**	**111.2**	**168.3**	**29.4**	**2.0**	**-**	**504.2**
Inter-segmental revenue	**-**	**-**	**-**	**-**	**5.1**	**-**	**(5.1)**	**-**
Revenue	**145.2**	**48.1**	**111.2**	**168.3**	**34.5**	**2.0**	**(5.1)**	**504.2**
Net treasury income through CCP business	**-**	**28.1**	**30.5**	**-**	**-**	**-**	**-**	**58.6**
Other Income	**-**	**-**	**(2.0)**	**-**	**-**	**4.3**	**-**	**2.3**
Total Income	**145.2**	**76.2**	**139.7**	**168.3**	**34.5**	**6.3**	**(5.1)**	**565.1**
Operating profit before amortisation of purchased intangible assets and non-recurring items	**60.7**	**43.6**	**29.0**	**76.9**	**6.9**	**4.3**	**6.5**	**227.9**
Amortisation of purchased intangible assets								**(57.8)**
Non-recurring items								**(19.1)**
Operating profit								**151.0**
Net finance expense								**(35.0)**
Profit before taxation								**116.0**
Other income statement items								
Depreciation and software amortisation	**(13.9)**	**(2.9)**	**(4.6)**	**(7.9)**	**(2.0)**	**(0.1)**	**6.7**	**(24.7)**

The segmental reporting incorporates LCH.Clearnet's results since its acquisition by the Group on 1 May 2013. Comparative information for LCH.Clearnet has not been included within the following tables.

Segmental disclosures for the six months ended 30 September 2012 are as follows:

	Capital Markets £m	Post Trade Services £m	Information Services £m	Technology Services £m	Other £m	Eliminations £m	Group £m
Revenue	129.7	44.6	147.6	25.6	2.3	-	349.8
Inter-segmental revenue	-	-	-	10.9	-	(10.9)	-
Revenue from external customers	129.7	44.6	147.6	36.5	2.3	(10.9)	349.8
Net treasury income through CCP business	-	68.1	-	-	-	-	68.1
Other Income	-	-	-	-	5.8	-	5.8
Total income	129.7	112.7	147.6	36.5	8.1	(10.9)	423.7
Operating profit / (loss) before amortisation of purchased intangible assets and non-recurring items	58.0	86.2	72.6	1.2	(0.2)	(0.6)	217.2
Amortisation of purchased intangible assets							(44.6)
Non-recurring items							14.2
Operating profit							186.8
Net finance expense							(21.4)
Profit before taxation							165.4
Other income statement items							
Depreciation and software amortisation	**(11.5)**	**(2.3)**	**(5.3)**	**(0.7)**	**(0.1)**	**-**	**(19.9)**

Segmental disclosures for the year ended 31 March 2013 are as follows:

	Capital Markets £m	Post Trade Services £m	Information Services £m	Technology Services £m	Other £m	Eliminations £m	Group £m
Revenue	267.5	91.8	306.3	56.1	4.7	-	726.4
Inter-segmental revenue	-	-	-	21.3	-	(21.3)	-
Revenue from external customers	267.5	91.8	306.3	77.4	4.7	(21.3)	726.4
Net treasury income through CCP business	-	116.7	-	-	-	-	116.7
Other Income	-	-	-	-	9.8	-	9.8
Total income	267.5	208.5	306.3	77.4	14.5	(21.3)	852.9
Operating profit / (loss) before amortisation of purchased intangible assets and non-recurring items	124.4	146.7	153.9	5.5	0.5	(0.8)	430.2
Amortisation of purchased intangible assets							(88.8)
Non-recurring items							7.0
Operating profit							348.4
Net finance expense							(49.5)
Profit before taxation							298.9
Other income statement items							
Depreciation and software amortisation	**(27.8)**	**(5.6)**	**(14.5)**	**(4.6)**	**(0.5)**	**12.6**	**(40.4)**

3. Expenses by nature

Expenses comprise the following:

	Six months ended 30 September		Year ended 31 March
	2013	**2012**	**2013**
	£m	**£m**	**£m**
Cost of sales	**36.6**	29.0	60.0
Employee costs	**140.3**	81.7	167.3
Depreciation and non-acquisition software amortisation	**24.7**	19.9	40.4
IT costs	**55.0**	32.3	64.5
Other costs	**80.6**	43.6	90.5
Total expenses	**337.2**	206.5	422.7

4. Amortisation of purchased intangible assets and non-recurring items

		Six months ended 30 September		Year ended 31 March
		2013	**2012**	**2013**
	Notes	**£m**	**£m**	**£m**
Amortisation of purchased intangible assets	9	**57.8**	44.6	88.8
Transaction costs/(credit)		**13.1**	(15.1)	(10.7)
Restructuring costs		**3.4**	0.2	3.7
Local non recoverable transaction taxes		**0.7**	-	-
Integration costs		**1.9**	0.7	-
Total affecting operating profit		**76.9**	30.4	81.8
Total affecting profit before tax		**76.9**	30.4	81.8
Tax effect on items affecting profit before tax				
Deferred tax on amortisation of purchased intangible assets		**(5.8)**	(4.0)	(9.1)
Current tax on amortisation of purchased intangible assets		**(1.1)**	(1.1)	(2.2)
Tax effect on other items affecting profit before tax		**(1.9)**	(0.4)	(1.0)
Total tax effect on items affecting profit before tax		**(8.8)**	(5.5)	(12.3)
Total charge to income statement		**68.1**	24.9	69.5

5. Net finance expense

	Six months ended 30 September		Year ended 31 March
		Restated	Restated
	2013	2012	2013
	£m	£m	£m
Finance income			
Bank deposit and other interest income	**1.1**	1.5	2.4
Other finance income	**1.1**	-	0.3
Investment Income	**0.3**	-	-
	2.5	1.5	2.7
Finance expense			
Interest payable on bank and other borrowings	**(36.2)**	(21.5)	(48.2)
Other finance expense	**-**	(1.0)	(2.0)
Interest on discounted provision for leasehold properties	**(0.9)**	-	-
Defined benefit pension scheme interest cost	**(0.4)**	(0.4)	(2.0)
	(37.5)	(22.9)	(52.2)
Net finance expense	**(35.0)**	(21.4)	(49.5)

Restatement relates to the adoption of the revised IAS 19 'Employee Benefits' (note 1).

6. Taxation

	Six months ended 30 September		Year ended 31 March
	2013	2012	2013
Taxation charged to the income statement	£m	£m	£m
Current tax:			
UK corporation tax for the period	**13.3**	14.9	30.5
Overseas tax for the period	**35.4**	40.1	78.6
Adjustments in respect of previous years	**(0.2)**	-	(16.4)
	48.5	55.0	92.7
Deferred tax:			
Deferred tax for the period	**2.9**	(0.2)	0.3
Adjustments in respect of previous years	**(3.0)**	0.1	(0.5)
Deferred tax rate change adjustment	**1.7**	-	-
Deferred tax credit on amortisation of purchased intangible assets	**(5.8)**	(4.0)	(9.1)
	(4.2)	(4.1)	(9.3)
Taxation charge	**44.3**	50.9	83.4

Taxation on items not credited/(charged) to income statement	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m	Year ended 31 March 2013 £m
Current tax credit:			
Tax allowance on share options/awards in excess of expense recognised	**0.2**	0.9	2.0
Deferred tax (loss)/credit:			
Tax allowance on defined benefit pension scheme remeasurement (gain)/loss	**(1.1)**	1.3	1.7
Tax allowance on share options/awards in excess of expense recognised	**0.8**	(0.5)	0.5
Movement in value of available for sale financial assets	**(0.3)**	-	(0.4)
Adjustments relating to change in UK tax rate	**(0.5)**	-	0.1
	(0.9)	1.7	3.9

Factors affecting the tax charge for the period

The income statement tax charge for the period differs from the standard rate of corporation tax in the UK of 23% as explained below:

	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m	Year ended 31 March 2013 £m
Profit before taxation	**116.0**	165.4	298.9
Profit multiplied by standard rate of corporation tax in the UK	**26.7**	39.7	71.7
Expenses not deductible/(income not taxable)	**1.8**	(5.7)	(2.2)
Adjustment arising from change in UK tax rate	**1.7**	-	0.7
Overseas earnings taxed at higher rate	**10.4**	11.3	17.7
Adjustments in respect of previous years	**(3.2)**	0.1	(16.8)
Amortisation of purchased intangibles	**6.9**	5.5	12.3
Taxation charge	**44.3**	50.9	83.4

The tax rate applied as at 30 September 2013 is the expected rate for the full financial year.
The standard UK corporation tax rate was 23% (24% for the periods ended 30 September 2012 and 31 March 2013).

7. Earnings per share

Earnings per share is presented on four bases: basic earnings per share; diluted earnings per share; adjusted basic earnings per share; and adjusted diluted 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 conversion or vesting of share options and share awards under the Employee Share Ownership Plan (ESOP). Adjusted basic earnings per share and adjusted diluted earnings per share exclude amortisation of purchased intangible assets and adjusted items to enable a better comparison of the underlying earnings of the business with prior periods.

	Six months ended 30 September		Year ended 31 March
	2013	**2012**	**2013**
Basic earnings per share	**24.9p**	43.0p	80.4p
Diluted earnings per share	**24.6p**	42.4p	79.0p
Adjusted basic earnings per share	**48.2p**	51.8p	105.3p
Adjusted diluted earnings per share	**47.7p**	51.0p	103.4p
	£m	**£m**	**£m**
Profit for the financial period attributable to equity holders	**67.1**	116.0	217.0
Adjustments:			
Amortisation of purchased intangible assets	**57.8**	44.6	88.8
Transaction costs/(credits)	**13.1**	(15.1)	(10.7)
Restructuring costs	**3.4**	0.2	3.7
Integration costs	**1.9**	0.7	-
Other costs	**0.7**	-	-
Unrealised net investment loss	**2.0**	-	-
Tax effect of amortisation and adjusted items	**(8.8)**	(5.5)	(12.3)
Adjusted items, amortisation and taxation attributable to non-controlling interests	**(7.0)**	(1.2)	(2.5)
Adjusted profit for the financial period attributable to equity holders	**130.2**	139.7	284.0
Weighted average number of shares - million	**270.0**	269.6	269.8
Effect of dilutive share options and awards - million	**2.8**	4.2	4.8
Diluted weighted average number of shares - million	**272.8**	273.8	274.6

The weighted average number of shares excludes those held in the ESOP.

8. Dividends

	30 September		31 March
	2013	**2012**	**2013**
	£m	**£m**	**£m**
Final dividend for 2013 paid 19 August 2013: 19.8p per Ordinary share	**53.5**	-	-
Interim dividend for 2013 paid 7 January 2013: 9.7p per Ordinary share	**-**	-	26.2
Final dividend for 2012 paid 20 August 2012: 19.0p per Ordinary share	**-**	51.2	51.2
	53.5	51.2	77.4

An interim dividend relating to the six months ended 30 September 2013 of 10.1p, amounting to an estimated £27.2m, has been declared by the Board.
This interim dividend, which is due to be paid on 6 January 2014, is not reflected in this financial information.

9. Intangible Assets

	Goodwill	Purchased intangible assets: Customer and supplier relationships	Purchased intangible assets: Brands	Purchased intangible assets: Software, licenses and intellectual property	Software	Total
	£m	£m	£m	£m	£m	£m
Cost:						
31 March 2012	1,188.9	959.5	236.8	342.4	219.0	2,946.6
Additions	-	-	-	-	8.1	8.1
Foreign exchange	(46.2)	(27.1)	(0.4)	(4.6)	(1.4)	(79.7)
30 September 2012	1,142.7	932.4	236.4	337.8	225.7	2,875.0
Additions	1.1	-	-	-	13.2	14.3
Acquisition of subsidiaries	4.1	-	-	-	0.5	4.6
Disposals	-	-	-	-	(84.4)	(84.4)
Foreign exchange	64.0	35.8	0.6	6.8	2.7	109.9
31 March 2013	1,211.9	968.2	237.0	344.6	157.7	2,919.4
Additions	**-**	**-**	**-**	**-**	**18.6**	**18.6**
Acquisition of subsidiaries	**157.3**	**221.2**	**17.3**	**95.4**	**35.4**	**526.6**
Foreign exchange	**(15.8)**	**(12.6)**	**(0.4)**	**(3.3)**	**(2.1)**	**(34.2)**
30 September 2013	**1,353.4**	**1,176.8**	**253.9**	**436.7**	**209.6**	**3,430.4**
Amortisation and accumulated impairment:						
31 March 2012	437.3	135.8	7.3	76.5	172.3	829.2
Amortisation charge for the period	-	24.6	5.0	15.0	11.7	56.3
Foreign exchange	(17.4)	(5.6)	(0.2)	(2.7)	(1.0)	(26.9)
30 September 2012	419.9	154.8	12.1	88.8	183.0	858.6
Amortisation charge for the period	-	24.9	5.0	14.3	11.1	55.3
Disposals	-	-	-	-	(84.4)	(84.4)
Foreign exchange	25.7	8.5	0.3	4.4	1.7	40.6
31 March 2013	445.6	188.2	17.4	107.5	111.4	870.1
Amortisation charge for the period	**-**	**30.1**	**5.4**	**22.3**	**10.9**	**68.7**
Foreign exchange	**(4.9)**	**(2.1)**	**(0.1)**	**(0.8)**	**(0.7)**	**(8.6)**
30 September 2013	**440.7**	**216.2**	**22.7**	**129.0**	**121.6**	**930.2**
Net book values:						
30 September 2013	**912.7**	**960.6**	**231.2**	**307.7**	**88.0**	**2,500.2**
31 March 2013	766.3	780.0	219.6	237.1	46.3	2,049.3
30 September 2012	722.8	777.6	224.3	249.0	42.7	2,016.4

The fair values of purchased intangible assets were principally valued using discounted cash flow methodologies and are being amortised over their useful economic lives, which do not normally exceed 25 years. The goodwill arising on consolidation represents the growth potential and assembled workforces of the Italian Group, LCH.Clearnet Group, FTSE Group, MillenniumIT and Turquoise.

10. 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. The 'Other plans' referred to below relate to the unfunded severance and leaving indemnity scheme trattamento di fine rapporto (TFR) operated by the Italian Group in accordance with Italian law, the employee benefit and retirement plan operated by MillenniumIT and the defined benefit pension scheme operated by LCH Group.

	30 September		31 March
	2013	**2012**	**2013**
Defined benefit (obligations)/assets for UK pension scheme	**£m**	**£m**	**£m**
Fair value of assets	**269.4**	268.0	273.7
Present value of funded obligations	**(286.2)**	(283.3)	(291.4)
Deficit	**(16.8)**	(15.3)	(17.7)

Movement in defined benefit net (liability)/asset during the period (UK Pension)

	Six months ended 30 September		Year ended 31 March
	2013	**2012**	**2013**
	£m	**£m**	**£m**
At beginning of period	**(17.7)**	(9.8)	(9.8)
Interest expense	**(0.3)**	(0.4)	(1.7)
Contributions paid	**2.9**	-	0.6
Remeasurement loss	**(1.7)**	(5.1)	(6.8)
At end of period	**(16.8)**	(15.3)	(17.7)

Movement in defined benefit net asset/(liability) during the period (Other plans)

		Six months ended 30 September		Year ended 31 March
		2013	**2012**	**2013**
	Notes	**£m**	**£m**	**£m**
At beginning of period		**(7.9)**	(6.7)	(6.7)
Assets acquired in a business combination	17	**1.5**	-	-
Current service cost		**(1.5)**	(1.0)	(1.9)
Interest expense		**0.1**	-	(0.3)
Benefits paid		**1.4**	1.6	1.4
Remeasurement gain		**7.3**	-	(0.1)
Exchange differences		**(0.1)**	-	(0.3)
At end of period		**0.8**	(6.1)	(7.9)

The gross assets and liabilities of the pension scheme operated by the LCH Group at 30 September 2013 were £168.8m and (£159.8m) respectively.

The main actuarial assumptions of the UK Pension plan are set out below:

	Six months ended 30 September		Year ended 31 March
	2013	**2012**	**2013**
Inflation rate - RPI	**3.3%**	2.9%	3.4%
Inflation rate - CPI	**2.3%**	2.1%	2.4%
Rate of increase in salaries	**3.3%**	3.9%	3.4%
Rate of increase in pensions in payment	**3.5%**	3.3%	3.6%
Discount rate	**4.6%**	4.5%	4.5%
Expected return on assets			
- equities	**-**	7.3%	-
- bonds	**-**	3.8%	-
- property	**-**	6.5%	-
- pension buy in policy	**-**	5.0%	-
Life expectancy from age 60 (Years)			
- Non retired male member	**28.0**	27.9	28.0
- Non retired female member	**30.8**	30.7	30.8
- Retired male member	**26.5**	26.3	26.5
- Retired female member	**29.3**	29.2	29.3

The mortality assumptions are based on the standard tables S1NA published by the Institute and Faculty of Actuaries adjusted to take account of projected future improvements in life expectancy from the Self Administered Pension Scheme (SAPS) mortality survey, which was published in 2008. We have used an allowance for the medium cohort effect and applied a one per cent underpin in respect of future mortality improvements.

11. Trade and other receivables

	30 September		31 March
	2013	**2012**	**2013**
	£m	**£m**	**£m**
Current			
Trade receivables	**98.1**	98.5	115.1
Other receivables	**37.6**	0.7	5.9
Prepayments and accrued income	**90.1**	62.9	64.7
Total trade and other receivables	**225.8**	162.1	185.7

The carrying values less impairment provision of trade and other receivables are reasonable approximations of fair values.

Trade receivables that are not past due are not considered to be impaired.

12. Financial instruments by category

The financial instruments of the Group are categorised as follows:

	30 September 2013 £m	30 September 2012 £m	31 March 2013 £m
Assets as per balance sheet			
Financial assets of the CCP clearing business			
- CCP trading assets	**5,865.3**	3,651.0	3,426.6
- Receivables for repurchase transactions	**508,879.5**	111,376.3	127,036.2
- Other receivables from clearing members	**4,522.8**	5,524.7	7,144.8
- Financial assets held at fair value	**14,879.7**	65.0	12.6
- Cash and cash equivalents of clearing members	**25,998.9**	7,448.0	8,476.2
Financial assets of the CCP clearing business	**560,146.2**	128,065.0	146,096.4
Assets held at fair value	**15.2**	5.9	6.1
Total financial assets for CCP clearing	**560,161.4**	128,070.9	146,102.5
Trade and other receivables	**135.7**	99.2	121.0
Cash and cash equivalents	**923.1**	231.5	446.2
Available for sale financial assets	**0.4**	0.4	11.9
Cross currency interest rate swaps	**4.3**	18.9	4.0
Cash flow hedges	**-**	0.2	-
Forward foreign exchange contracts	**-**	-	0.3
Other financial assets	**111.5**	-	-
Total	**561,336.4**	128,421.1	146,685.9

	30 September 2013 £m	30 September 2012 £m	31 March 2013 £m
Liabilities as per balance sheet			
Financial liabilities of the CCP clearing business			
- CCP trading liabilities	**5,865.3**	3,651.0	3,426.6
- Liabilities under repurchase transactions	**503,522.8**	111,376.3	127,036.2
- Other payables to clearing members	**45,391.5**	12,949.6	15,610.4
- Financial liabilities held at fair value	**33.1**	66.1	14.9
Financial liabilities of the CCP clearing business	**554,812.7**	128,043.0	146,088.1
Default funds	**5,335.0**	-	-
Total financial liabilities for CCP clearing	**560,147.7**	128,043.0	146,088.1
Trade and other payables	**402.1**	203.8	233.4
Provisions	**45.9**	28.8	27.3
Borrowings	**1,312.5**	713.2	796.8
Cross currency interest rate swaps	**5.1**	-	3.5
Forward foreign exchange contracts	**-**	-	0.1
Interest rate swaps	**21.8**	-	-
Total	**561,935.1**	128,988.8	147,149.2

The valuation of the CCP assets held at fair value through profit or loss is performed with reference to quoted prices from the markets to which they relate and therefore are all considered to be level 1. The derivative financial instruments are considered to be level 2.

Financial assets and liabilities at fair value are initially recognised at fair value and subsequently re-measured at fair value, based on the market price of each security. The difference between the settlement price of each security at trade date and the market price of that security at the period end is recognised as a fair value gain or loss in the income statement.

The nature and composition of the CCP clearing business assets and liabilities is explained in the accounting policies note on pages 83 to 84 of the Group's Annual Report for the year ended 31 March 2013.

Other financial assets relate to liquidity funds held by the Group.

13. Trade and other payables

	30 September 2013 £m	30 September 2012 £m	31 March 2013 £m
Trade payables	**58.8**	23.6	30.4
Social security and other taxes	**14.5**	8.6	12.5
Other payables	**80.8**	20.7	26.4
Accruals and deferred income	**248.0**	150.9	164.1
Total trade and other payables	**402.1**	203.8	233.4
Current	**399.5**	201.1	230.0
Non-current	**2.6**	2.7	3.4
Total trade and other payables	**402.1**	203.8	233.4

14. Borrowings

	30 September 2013 £m	30 September 2012 £m	31 March 2013 £m
Current			
Bank borrowings	**366.3**	203.2	0.4
	366.3	203.2	0.4
Non-current			
Bonds	**796.5**	499.3	796.5
Bank borrowings	**-**	10.9	-
Preferred securities	**149.7**	-	-
Deferred arrangement fees	**-**	(0.2)	(0.1)
	946.2	510.0	796.4

The Group has the following unsecured notes and bank facilities:

Type	Expiry Date	Notes/ Facility £m	Drawn value £m	Interest rate %
Drawn value of facilities				
Multi-currency revolving credit facility	Jul 2016	250.0	218.4	LIBOR + 0.8
Multi-currency revolving credit facility	Jul 2018	450.0	140.4	LIBOR + 0.95
Other uncommitted facility		-	7.5	
Total Bank facilities		**700.0**	**366.3**	
Notes due July 2016	Jul 2016	250.0	251.2	6.125
Notes due October 2019	Oct 2019	250.0	248.0	9.125
Notes due November 2021	Nov 2021	300.0	297.3	4.750
Total bonds		**800.0**	**796.5**	
Preferred securities	May 2017	**150.5**	149.7	6.576
Total debt and facilities		**1,650.5**	**1,312.5**	

Cassa di Compensazione e Garanzia S.p.A. (CC&G) has direct intra-day access to refinancing with the Bank of Italy to cover its same day operational liquidity requirements. In addition, CC&G is in the process of arranging commercial bank back-up credit lines to provide liquidity support for overnight and longer durations as required under the European Markets Infrastructure Regulation (EMIR).

LCH.Clearnet SA has a French banking licence and is able to access refinancing at the Banque de France to support its liquidity position and LCH.Clearnet Limited is deemed to have sufficient fungible liquid assets to maintain an appropriate liquidity position, currently without the requirement for committed credit lines.

15. Analysis of net debt

	30 September 2013 £m	30 September 2012 £m	31 March 2013 £m
Due within one year			
Cash and cash equivalents	**923.1**	231.5	446.2
Bank borrowings	**(366.3)**	(203.2)	(0.4)
Derivative financial assets	**-**	0.2	-
Derivative financial liabilities	**(21.8)**	-	(0.1)
	535.0	28.5	445.7
Due after one year			
(Bank borrowings)/deferred arrangement fees	**-**	(10.7)	0.1
Bonds	**(796.5)**	(499.3)	(796.5)
Preferred securities	**(149.7)**	-	-
Derivative financial assets	**4.3**	18.9	4.3
Derivative financial liabilities	**(5.1)**	-	(3.5)
Total net debt	**(412.0)**	(462.6)	(349.9)

Reconciliation of net cash flow to movement in net debt	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m	Year ended 31 March 2013 £m
Increase in cash in the period	**486.7**	21.7	227.6
Bond issue proceeds	-	-	(297.6)
Bank loan repayments less new drawings	**(277.1)**	43.8	257.8
Change in net debt resulting from cash flows	**209.6**	65.5	187.8
Foreign exchange movements	**(6.2)**	(6.2)	2.6
Movement on derivative financial assets and liabilities	**(23.3)**	16.0	(2.4)
Bond valuation adjustment	**0.1**	0.1	0.1
Acquired debt	**(242.3)**	-	-
Net debt at the start of the period	**(349.9)**	(538.0)	(538.0)
Net debt at the end of the period	**(412.0)**	(462.6)	(349.9)

16. Net cash flow generated from operations

	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m	Year ended 31 March 2013 £m
Profit before taxation	**116.0**	165.4	298.9
Depreciation and amortisation	**82.5**	64.5	129.2
Gain on disposal of property, plant and equipment	**0.1**	-	1.5
Net finance expense	**35.0**	21.4	49.5
(Increase)/decrease in inventories	**(1.9)**	0.2	0.5
(Increase)/decrease in trade and other receivables	**(11.2)**	12.2	(3.0)
Increase/(decrease) in trade and other payables	**20.1**	(20.4)	(9.6)
Borrowings costs capitalised	**-**	-	(0.5)
Goodwill valuation amendment	**-**	-	(1.2)
Decrease/(increase) in CCP financial assets	**32,872.0**	(32,788.8)	(43,590.5)
(Decrease)/increase in CCP clearing business liabilities	**(32,861.2)**	32,776.9	43,594.4
Defined benefit pension obligation - contributions in excess of expenses charged	**(2.7)**	(0.4)	(1.0)
Provisions utilised during the period	**(2.1)**	(2.0)	(6.1)
(Increase)/decrease in assets held at fair value from operating activities	**(7.1)**	7.7	8.0
Share scheme expense	**8.0**	6.3	13.1
Foreign exchange (gains)/losses on operating activities	**(10.8)**	3.0	4.3
Cash generated from operations	**236.7**	246.0	487.5
Comprising:			
Ongoing operating activities	**223.8**	239.5	480.5
Non-recurring items	**12.9**	6.5	7.0
	236.7	246.0	487.5

17. Business combinations

Acquisitions in the period to 30 September 2013

The Group made three acquisitions during the period.

On 5 April 2013, the Group and TMX Group Limited completed a transaction to combine their fixed income businesses into a new business, FTSE TMX Global Debt Capital Markets Limited. The transaction resulted in the Group acquiring a 75% stake in FTSE TMX Global Debt Capital Markets Limited for a total consideration of £78.1m. The non-controlling interest ('NCI') has an option to sell the remaining 25% interest after 6 years or earlier in other limited scenarios.

On 1 May 2013, the Group completed the acquisition of a further 55.5% stake in LCH.Clearnet Group Limited ("LCH.Clearnet"), resulting in a majority stake of 57.8% in LCH.Clearnet. The total investment of £470.3m includes deferred consideration of £20.0m, payable on 30 September 2017 subject to acceleration or delay in certain limited circumstances. The investment is inclusive of the Group's participation in the capital raise of LCH.Clearnet issued share capital of £158.2m.

On 23 September 2013, the Group acquired a 70% interest in EuroTLX SIM SpA for a consideration of £26.1m. The NCI has an option to sell the remaining 30% interest. The value of the option is dependent on achieving growth and cost synergies in the next financial year.

					Contribution post acquisition	
	Date acquired	Total investment	Goodwill	Fair value of assets acquired	Revenue	Operating profit
Acquisition		£m	£m	£m	£m	£m
LCH.Clearnet Group Limited	**1 May 2013**	**470.3**	**109.2**	**361.1**	**139.3**	**22.6**
EuroTLX SIM SpA	**23 September 2013**	**27.0**	**20.8**	**6.2**	**0.2**	**0.1**
FTSE TMX Global Debt Capital Markets Limited	**5 April 2013**	**78.2**	**27.4**	**50.8**	**5.8**	**4.5**
		575.5	**157.4**	**418.1**	**145.3**	**27.2**

The total investment included in the acquisition of LCH.Clearnet comprises cash consideration of £292.1m, deferred consideration of £20.0m and the Group's participation in the capital raise of £158.2m. Included in the LCH.Clearnet value of assets acquired is £273.7m raised from all shareholders as part of the capital raise.

If all acquisitions had occurred on 1 April 2013, estimated Group revenue for the period would have been £540m, with operating profit (before acquisition amortisation and exceptional items) of £240m. These amounts have been calculated using the Group's accounting policies and based on available information.

The assets and liabilities arising out of each acquisition at the relevant acquisition date are as follows:

	LCH.Clearnet Group Limited		EuroTLX SIM SpA		FTSE TMX Global Debt Capital Markets Limited		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
	£m	£m	£m	£m	£m	£m	£m	£m
Non-current assets:								
Intangible assets	55.4	294.7	0.1	0.1	11.0	75.9	**66.5**	**370.7**
Goodwill	119.9	-	-	-	90.1	-	**210.0**	**-**
Property, plant and equipment	14.6	14.6	0.9	0.9	-	-	**15.5**	**15.5**
Other non-current assets	24.0	24.0	-	-	-	-	**24.0**	**24.0**
Current assets:								
Cash and cash equivalents	425.1	425.1	8.2	8.2	2.7	2.7	**436.0**	**436.0**
Other current assets	466,555.5	466,555.5	2.5	2.5	3.0	3.2	**466,561.0**	**466,561.2**
Current liabilities:								
Borrowings	(92.4)	(92.4)	-	-	-	-	**(92.4)**	**(92.4)**
Other current liabilities	(461,088.1)	(461,088.1)	(2.8)	(2.8)	(4.4)	(4.5)	**(461,095.3)**	**(461,095.4)**
Non-current liabilities:								
Borrowings	(152.4)	(152.4)	-	-	-	-	**(152.4)**	**(152.4)**
Other non-current liabilities	(5,213.2)	(5,276.6)	(0.1)	(0.1)	(4.5)	(9.6)	**(5,217.8)**	**(5,286.3)**
Net assets	**648.4**	**704.4**	**8.8**	**8.8**	**97.9**	**67.7**	755.1	780.9
Non controlling interest	-	(343.3)	(2.6)	(2.6)	-	(16.9)	**(2.6)**	**(362.8)**
Goodwill	-	109.2	-	20.8	-	27.4	**-**	157.4
	648.4	**470.3**	**6.2**	**27.0**	**97.9**	**78.2**	**752.5**	**575.5**
Satisfied by:								
Cash		450.3		26.1		73.1		**549.5**
Deferred consideration		20.0		0.9		-		**20.9**
Transfer of assets		-		-		5.1		**5.1**
Total investment		**470.3**		**27.0**		**78.2**		**575.5**

The fair values are preliminary and will be finalised within twelve months of the acquisition date.

The fair value adjustments include:

LCH.Clearnet Group Limited
The additional £239.3m of intangible assets arising on consolidation represents £41.4m relating to various technologies, £33.5m relating to software licences, £152.1m relating to customer relationships and £12.3m relating to trade names. The fair values of these purchased intangible assets are being amortised over their remaining useful life from the date of completion. The goodwill of £109.2m arising on consolidation represents the growth of future expected income streams from customers and its assembled workforce.

Euro TLX SIM SpA
The goodwill of £20.8m arising on consolidation includes value attributed to its assembled workforce.

FTSE TMX Global Debt Capital Markets Limited
The goodwill of £27.4m arising on consolidation represents the potential for the Group to expand into new territories such as the USA (£16.3m), Australia (£7.4m) and China (£3.7m).

18. Transactions with related parties

The nature and contractual terms of key management compensation and inter-company transactions with subsidiary undertakings during the period are consistent with the disclosures in Note 29 of the Annual Report for the year ended 31 March 2013.

19. Commitments and contingencies

Contracted capital commitments and other contracted commitments not provided for in the Interim Report of the Group were £3.8m (30 September 2012: £7.0m).

LCH.Clearnet Group Limited is currently engaged in correspondence regarding concerns raised by administrators in relation to a past default exercise which could give rise to a claim against it. The amount and likelihood of success of any such claim, if made, is currently uncertain and accordingly no provision for any liability has been made in the interim statements.

20. Post balance sheet events

On 22 October 2013, LCH.Clearnet Group Limited announced the consultancy phase with staff representatives of the social plan of its subsidiary, LCH.Clearnet SA. This is expected to result in additional expenditure in future periods. No provision or contingent commitment has been included in the interim results as a reasonable estimate of the costs cannot be made at this early stage.

Principal Risks

The Group is subject to a variety of risks which may have an impact on its ability to deliver on its strategy. As the Group has grown the risk management capabilities have been enhanced through the introduction of a new Group Enterprise-wide Risk Management Framework (ERMF) in the year ended 31 March 2013 ensuring that the risk assumed in executing the Group's strategy is adequately managed across all levels of the business. The ERMF also enables the Board and Executive Management to maintain and annually attest to, the effectiveness of the systems of internal control and risk management as set out in the UK Corporate Governance Code.

The Group's principal risks and uncertainties and its internal control policies are consistent with those set out on pages 42 to 47 of its Annual Report for the year ended 31 March 2013. Additional details regarding the Group's ERMF, its components, objectives, risk assessment process and control structure are set out on pages 40 to 41 of its Annual Report for the year ended 31 March 2013.

The principal risks and uncertainties which may affect the Group in the second half of the financial year include the following:

Global economy
The Group is highly dependent upon the level of activity in capital markets, as well as the individual market capitalisations of the issuers listed or admitted to trading on the markets that the Group operates. Many of the factors that influence the levels of secondary market trading, primary market issuance (listings), issuers' market capitalisations and trading and clearing volumes will be beyond the control of the Group, including economic, fiscal, legal, regulatory, political and geopolitical market conditions.

The continuing fragility of global financial markets and in particular the possible consequences of a global downturn on the Eurozone may impact markets and exchange rates with adverse consequences for the Group, which has a significant proportion of its assets, liabilities and expenses denominated in euro.

Competition
The Group operates in a highly competitive industry. Continued consolidation has fuelled competition including between companies in different geographical areas.

- Capital Markets operations: there is a risk that competitors will improve their products, pricing and technology in a way that erodes our businesses. There is increasing competition for primary listings from other global exchanges and regional centres. The financial crisis, made more severe by the possibility of default of certain peripheral countries, has generated market instability which potentially could have a negative impact on market trends, new listings and new products.
- Post Trade Services: the consolidation of clients has led to a concentration of revenues. Any future loss of liquidity or reduction in volumes on exchanges may impact clearing revenues.
- Information Services: FTSE is currently the third largest index provider and consolidation within the industry is expected over the next three to five years. Client migration to competitors could lead to a loss of revenue.
- Technology Services: there is intense competition across all activities and there are strong and established market players in some areas where we are establishing a presence.

Regulatory risk
The Group and its exchanges, CCPs and other regulated entities operate in highly and increasingly regulated industries and are subject to extensive regulation by governmental, competition and regulatory bodies at European and national levels. In particular, as a result of the multi-market environment, difficult global economic conditions, the increasing systemic importance of CCPs and prevailing regulatory changes, the Group may be subject to more intensive regulation of its businesses by regulators in the jurisdictions in which the Group operates or may in future operate, and potentially encounter conflict between regulatory regimes in these jurisdictions.

The Group's CCPs are currently undergoing the submission process for EMIR. Disruptions or delays to the process could have a commercial impact on the CCPs.

In April, legislation came into force in the UK making "the administering of, and providing information to, specified benchmarks" a regulated activity; the only specified benchmark is LIBOR. However, it is possible that more indices could be subject to similar measures under proposals due to be published by the European Commission.

The Group may be required to adversely change the manner in which its exchanges, CCPs and authorised firms conduct their respective businesses, govern themselves and their liquidity and capital requirements. Further increased capital requirements for market participants may adversely affect the level of market activity in the Group trading and clearing venues.

There have been a number of initiatives around the recovery and resolution of financial market infrastructure entities (FMIs), in particular CCPs, including from the European Parliament, European Commission, FSB, IOSCO and the UK government. The focus is on loss allocation (if the default waterfall is exhausted) and living wills (should the CCP no longer be viable). Some aspect of the regulation may have an adverse impact on the CCPs.

Compliance
There is a risk that one or more of the Group's regulated entities may fail to comply with the laws and regulatory and competition conditions to which it is, or becomes, subject. In this event, the regulated entity in question may be subject to censures, fines and other regulatory or legal proceedings.

Acquisition of a majority stake in LCH.Clearnet
The completion of the acquisition of a majority stake in LCH.Clearnet represents a significant increase in LSEG's operations including a material increase in the Group's balance sheet size (due to CCP assets and liabilities). As part of the alignment process, the enlarged Group is targeting specific cost savings and revenue increases. The acquisition of a majority stake will subject the Group to increased regulatory scrutiny and reporting complexity. A failure to successfully align the businesses of the enlarged Group may lead to: an increased cost base without a commensurate increase in revenue; a failure to capture future product and market opportunities; and risks in respect of capital requirements and regulatory relationships.

Investment risk (clearing)
The Group's clearing providers hold a significant amount of cash and securities deposited by clearing members as margin or default funds. To ensure optimum ongoing liquidity and immediate access to funds, CC&G and LCH.Clearnet deposit the cash received on both a secured basis (Government Bonds and central bank deposits) and on an unsecured basis (into the local bank markets). Under the European Market Infrastructure Regulation (EMIR) the latter must now be less than 5% but there remains a risk of loss on this 5% should a deposit taking bank in which funds are deposited default.

Counterparty credit and latent market risk (clearing)
The Group's CCPs guarantee final settlement of trades and manage counterparty credit risk for a range of assets and instruments including cash equities, equity derivatives, energy products, agricultural products, interest rate swaps, CDS, FX and corporate and Government bonds. As a consequence, the Group is exposed to counterparty credit risk and is also potentially exposed to market and liquidity risks if a member defaults.

CC&G and LCH.Clearnet SA have an interoperability agreement for Italian Government bonds traded on wholesale markets. Under this arrangement CC&G and LCH.Clearnet SA make reciprocal deposits of margins to reflect the traded positions on Italian participants.

Settlement and custodial risks
The Group offers post trade services and centralised administration of financial instruments through its CSD subsidiary, Monte Titoli. Monte Titoli offers pre-settlement, settlement and custody services. These activities carry counterparty risk (in particular asset commitment risk), operational risk and custody risk (including asset servicing risk).

Operational risks
The Group's businesses and major revenue streams are highly dependent on secure and stable technology performing to high levels of availability and throughput. Technology failures impact our clients and can potentially lead to a loss of trading volumes and adversely impact the Group's reputation and brand. The Group also has dependencies on a number of third parties for the provision of hardware, software, communication and networks for elements of its trading, data and other systems.

The Group has a number of major, complex projects and strategic actions underway concurrently, including implementation of new technology systems, cost management initiatives, and strategic development of the Group's post trade and derivatives businesses. If not delivered to sufficiently high standards and within agreed timescales, these could
have an adverse impact on the operation of core services and revenue growth, as well as damaging the Group's reputation.

The Group depends on having secure premises and uninterrupted operation of its IT systems and infrastructure. Potential security threats require continuous monitoring and assessment. Terrorist and cyber attacks and similar activities directed against our offices, operations, computer systems or networks could disrupt our markets, harm staff, tenants and visitors, and severely disrupt our business operations.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The financial risk management objectives and policies of the Group and the exposure of the Group to market risk, credit risk and liquidity risk are discussed on pages 84 to 87 of the Annual Report for the Group for the year ended 31 March 2013.

Directors

The Directors of London Stock Exchange Group plc during the period ended 30 September 2013 were as follows:

Chris Gibson-Smith	
Xavier Rolet	
Paulo Scaroni	
Paul Heiden	
Andrea Munari	
Massimo Tononi	
Robert Webb	
David Warren	
Raffaele Jerusalmi	
Baroness Janet Cohen	(resigned 18 July 2013)
Sergio Ermotti	(resigned 18 July 2013)
Gay Huey Evans	(resigned 18 July 2013)
Stuart Lewis	(appointed 12 June 2013)
Stephen O’Connor	(appointed 12 June 2013)
Jacques Aigrain	(appointed 1 May 2013)

Statement of Directors' responsibilities

The directors confirm that, to the best of their knowledge, this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim report herein includes a fair review of the information required by the Financial Services Authority's Disclosure and Transparency Rules 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the Interim Report, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

By order of the Board

Xavier Rolet
Chief Executive

David Warren
Chief Financial Officer

13 November 2013

INDEPENDENT REVIEW REPORT TO LONDON STOCK EXCHANGE GROUP PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim report for the six months ended 30 September 2013, which comprises the Condensed Consolidated Balance Sheet, the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive income, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity 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 information in the condensed set of financial statements.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 September 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Alison Morris
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 November 2013