4 March 2016

LONDON STOCK EXCHANGE GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

Unless stated otherwise, all figures in the highlights below relate to performance for 12 months to 31 December 2015 and comparisons with the prior 12 month period (unaudited)

- **Continued delivery of successful strategy - Group strongly positioned to make further progress**

- Strong performance from underlying growth in Capital Markets, Information Services including indices, SwapClear and Italian Post Trade operations – and full year contribution from Russell Indexes

- Total income[1] up 72% to £2,381.5 million (2014: £1,381.1 million)

- Total revenue[1] up 78% to £2,285.4 million (2014: £1,283.2 million); revenue up 11% on a continuing operations basis[2] and up 15% exc. LME clearing

- Total operating expenses[1] continue to be well controlled, at £1,052.0 million - up 1% on an organic and constant currency basis as the Group invests in growth initiatives

- Total adjusted operating profit[3] up 27% at £709.6 million (2014: £558.0 million); operating profit of £499.9 million (2014: £346.0 million); adjusted profit before tax[3] up 31% at £643.4 million (2014: £491.7 million)

- Adjusted EPS[1,3] up 25% at 129.4 pence (2014: 103.3 pence); basic EPS[1] of 94.6 pence (2014: 56.5 pence)

- Proposed final dividend increased to 25.2 pence per share - an implied 20% increase in the full year dividend to 36.0 pence per share – reflecting strong financial position and confidence in further progress

- Group remains committed to a progressive dividend policy with intention to move towards a 2.5 – 3.0x dividend cover range

- Good operational performance and new initiatives from our strategy to deliver best in class capabilities, drive global growth and develop our customer partnership approach:

  - Group's Post Trade operations (in May 2015) highlighted €175-250 million incremental revenues by end 2018 through new products
  - SwapClear provided record compression of US$328 trillion (resulting in estimated regulatory capital reductions of US$25 billion for our customers), strengthened its share of OTC swaps clearing to almost 95% in the United States and is preparing to launch new portfolio margining service by using its IRD liquidity pool, the world's largest
  - CDSClear growing and ForexClear service further developed
  - Development of CurveGlobal listed derivatives trading venue, in partnership with customers
  - Group's Information Services operations (in November 2015) disclosed expected double-digit revenue growth from its indexes business, through multiple initiatives, including new future and options contracts on FTSE Russell Indexes agreed in year with CBOE and CME

- Further cost efficiencies to come with FTSE Russell integration benefits on track; an additional €40 million of cost synergies identified at LCH.Clearnet (May 2015), and further long term efficiencies as IT platforms are upgraded

- Agreed sale of Russell Investment Management for US$1,150 million with proceeds used to repay debt; completion on track for H1 2016
- In February 2016, the Group confirmed that it is in detailed discussions with Deutsche Börse regarding a potential merger of equals to form a global market infrastructure group with significant benefits for our customers and shareholders

[1] revenue, total income, operating expenses and EPS include both continuing and discontinued operations and excludes unrealised gains and losses for 2014 at LCH.Clearnet
[2] continuing operations exclude businesses classified as disposal group, primarily being Russell Investment Management
[3] before amortisation of purchased intangible assets and non-recurring items

Organic growth is calculated in respect of businesses owned for at least 12 months in either period and so excludes Bonds.com, Proquote, Exactpro, MTS Indices and Frank Russell Company. The Group's principal foreign exchange exposure arises from translating our European based euro and US based USD reporting businesses into sterling.

Commenting on performance for the year and recent developments, Xavier Rolet, Group Chief Executive, said:

"The Group has produced another strong financial performance and continues to make excellent progress executing our strategy to be a leader in global markets infrastructure. We have delivered underlying growth in each of our business areas and maintained good cost control. We have further strengthened the Group through integrating recent acquisitions and developing innovative new products.

"FTSE Russell, our global indexes business has shown strong growth and our integration savings remain firmly on track. LCH.Clearnet has delivered another good performance in its OTC clearing services, and its new portfolio margining service, LCH Spider will launch shortly. Across all of our businesses, we are well positioned with a number of growth opportunities delivering significant efficiencies and services on an open access basis to customers globally.

"We have recently confirmed that we are in detailed discussions with Deutsche Börse regarding a potential merger of equals. This represents a compelling opportunity to strengthen each other in an industry-defining combination, by creating a global market infrastructure group with significant benefits for our customers and shareholders."

Financial Summary

Unless otherwise stated, all figures below refer to the year ended 31 December 2015. Comparative figures are for the year ended 31 December 2014 (unaudited). Variance is also provided on an organic and constant currency basis. Adjustments have been made to include discontinued operations in the tables and narrative below.

	Twelve months ended 31 December			Organic and constant currency
	2015	**2014**	**Variance**	**variance[1]**
	£m	**£m**	**%**	**%**
Revenue				
Capital Markets [1]	**330.3**	333.2	(1%)	3%
Post Trade Services - CC&G and Monte Titoli	**89.8**	96.5	(7%)	3%
Post Trade Services - LCH.Clearnet	**302.1**	329.4	(8%)	(6%)
Information Services [1]	**525.0**	373.0	41%	5%
Technology Services [1]	**80.6**	66.0	22%	20%
Russell Investment Management [1]	**953.1**	79.7	-	-
Other revenue	**4.5**	5.4	(17%)	(15%)
Total revenue	**2,285.4**	1,283.2	78%	2%
Net treasury income through CCP business	**85.7**	92.6	(7%)	(1%)
Other income	**10.4**	5.3	96%	100%
Total income	**2,381.5**	1,381.1	72%	2%
Cost of sales	**(620.4)**	(120.9)	413%	38%
Gross profit	**1,761.1**	1,260.2	40%	1%
Operating expenses	**(1,052.0)**	(702.3)	50%	1%
Share of gain after tax of associate	**0.5**	0.1	-	
Adjusted operating profit [2]	**709.6**	558.0	27%	(1%)
Amortisation of purchased intangibles and non-recurring items	**(210.2)**	(211.5)	(1%)	22%
LCH Clearnet unrealised loss	**-**	(0.5)		
Gain on disposal of assets held for sale	**0.5**	-		
Operating profit	**499.9**	346.0	44%	4%
Basic earnings per share (p)	**94.6**	56.5	67%	
Adjusted basic earnings per share (p) [2]	**129.4**	103.3	25%	
Dividend per share (p) [3]	**36.0**	22.5	20%	

[1] *Organic growth is calculated in respect of businesses owned for at least 12 months in either period and so excludes Bonds.com, MTS Indices, Proquote, Frank Russell Company and Exactpro. The Group's principal foreign exchange exposure arises from translating our European based euro and US based dollar reporting businesses into sterling.*

[2] *before amortisation and impairment of purchased intangible assets and goodwill and non-recurring items*

[3] *growth rate calculated compared to 2014 dividend for period April - December 2014 pro rata to 12 months*

Unless otherwise stated, all figures refer to the 12 months ended 31 December 2015 and comparisons are against the same corresponding period in the previous year

Post period end

On 23 February 2016, the Board of LSEG and the Management Board of Deutsche Börse confirmed that they are in detailed discussions about a potential merger of equals, with the new Combined Group to be a UK plc domiciled in London.

The Boards believe that the potential merger would represent a compelling opportunity for both companies to strengthen each other in an industry-defining combination, creating a leading European-based global markets infrastructure group. The combination of LSE and Deutsche Börse's complementary growth strategies, products, services and geographic footprint would be expected to deliver an enhanced ability to provide a full service offering to customers on a global basis. LSEG and Deutsche Börse believe that the potential merger would offer the prospect of enhanced growth, significant customer benefits including cross-margining between listed and OTC derivatives clearing (subject to regulatory approvals), as well as substantial revenue and cost synergies and increased shareholder value. All key businesses of LSEG and Deutsche Börse would continue to operate under their current brand names. The existing regulatory framework of all regulated entities within the Combined Group would remain unchanged, subject to customary and final regulatory approvals.

Discussions between the parties remain ongoing regarding the other terms and conditions of the potential merger. There can be no certainty that any transaction will occur. Any transaction would be subject to regulatory approval, LSEG shareholders' approval and Deutsche Börse shareholders' acceptance, as well as other customary conditions.

Contacts:

London Stock Exchange Group plc

Gavin Sullivan	Media	+44 (0) 20 7797 1222
Paul Froud	Investor Relations	+44 (0) 20 7797 3322

Finsbury

Guy Lamming / Michael Turner	+44 (0) 207 251 3801

Corporate Brokers

Kunal Gandhi - Barclays	+44 (0) 20 7623 2323
Oliver Hearsey - RBC Capital Markets	+44 (0) 20 7653 4000

Further information

The Group will host a conference call on its Preliminary Results for analysts and institutional shareholders today at 09:30am (GMT). On the call will be Xavier Rolet (CEO), David Warren (CFO) and Paul Froud (Head of Investor Relations).

Participant UK Dial-In Numbers: 0800 694 0257
Participant Std International Dial-In: +44 (0) 1452 555 566
Conference ID # 5470 2878

Presentation slides can be viewed at http://www.lseg.com/investor-relations

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

The information in the preliminary announcement of the results for the year ended 31 December 2015, which was approved by the Board of Directors on 4 March 2016, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The financial statements for the 9 month period ended 31 December 2014 were filed with the Registrar of Companies, and the audit report was unqualified and contained no statements in respect of Sections 498 (2) and 498 (3) of the UK Companies Act 2006. The financial statements for the year ended 31 December 2015 will be filed with the Registrar of Companies in due course.
In accordance with the Listing Rules of the UK Listing Authority, these preliminary results have been agreed with the Company's auditors, Ernst &Young LLP, and the Directors have not been made aware of any likely modification to the auditor's report to be included in the Group's Annual Report and Accounts for the year ended 31 December 2015.
The preliminary results have been prepared on a basis consistent with the accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 December 2015.

Chief Executive's Review

Overview

London Stock Exchange Group continued to build in 2015 and delivered another strong financial performance through both organic and inorganic growth. Our vision is to become a leader in global markets infrastructure, well positioned to take advantage of industry trends and opportunities. We have taken steps in a number of areas to execute this strategy and as a result, LSEG is an increasingly global business with a balanced, diversified portfolio of assets.

Developing our partnership approach

Our ongoing commitment to operating an open access model is delivering tangible results, offering choice and partnership across all of our businesses. A number of initiatives were announced throughout the year, including the forthcoming launch of CurveGlobal, a new interest rate derivatives joint venture with a number of major dealer banks and CBOE. All products designed and supported by CurveGlobal will be admitted to trading on the Group's London Stock Exchange Derivatives Market, and cleared through LCH.Clearnet. CurveGlobal adds to LSEG's other partnerships with customers, including MTS in fixed income and Turquoise in equities. Elsewhere, FTSE Russell signed licensing agreements with CME and CBOE to develop futures and options contracts in the US with the first products launched at the end of 2015.

MillenniumIT continues at the forefront of LSEG's commitment to global partnerships and now works with over 40 capital markets businesses around the world. It has continued to see solid growth and has gone live with projects at Bolsa de Valores de Lima and Aequitas NEO in Canada. And, in Information Services, UnaVista confirmed a partnership with US-based DTCC to provide a reporting service to help customers comply with their increasing regulatory reporting requirements.

In an increasingly global, interconnected world, open access to any market, from labour and intellectual property to food and industrial goods, lies at the heart of business. Financial markets are no exception and we will continue to champion this model to deliver greater efficiencies and choice for our customers.

Driving global growth

Our businesses are growing in scale and in global reach, and as a result becoming more relevant for our customers who can work with us across a number of geographies and businesses. The integration of our two leading index businesses has significantly strengthened the Group's global offering in Intellectual Property. FTSE Russell is now unified under a single brand and is firmly embedded in global investment processes with around US$10 trillion assets under management (AuM) benchmarked to its indexes. The combined business has enhanced our North American footprint and FTSE's long-term presence in China means that it is the most successful benchmark provider supporting international investment in China. In May 2015, FTSE Russell announced the start of its transition to include China A-Shares in its global benchmarks and large institutional investors, including Vanguard's Emerging Markets ETF have started to track these indexes.

Despite recent market volatility, the importance of the Chinese markets, alongside other high-growth emerging market countries such as India, remains as strong as ever. London Stock Exchange is working with Shanghai Stock Exchange on a study for the UK and Chinese Governments to assess the feasibility of a potential connection between London and Shanghai markets. In addition, over the course of 2015, LSEG signed a number of cooperation agreements with banks and broking firms from both China and India, as well as a Memorandum of Understanding with the National Stock Exchange of India. Both India and China have placed emphasis on Green finance and this will be an important area of focus for the Group going forward. London Stock Exchange launched a dedicated green bond segment in 2015 and, as part of the Chinese President's state visit, Agricultural Bank of China issued the first green bond by a Chinese institution outside Greater China in October. The International Finance Corporation also issued the first offshore green 'masala bond' in August.

In Post Trade, SwapClear, LCH.Clearnet's OTC interest rate derivatives clearing service, remains a global leader. A majority of all interest rate swaps by members and clients are cleared through SwapClear. Amidst record volumes of cleared trades in 2015, SwapClear compressed US$328 trillion over the year, reducing the notional outstanding by over US$100 trillion from almost US$362 trillion at the start of the year to US$251 trillion, with strong uptake of its innovative enhanced compression services by members and their clients. SwapClear also successfully launched clearing of inflation swaps, a world first, with over US$425 billion cleared since launch in April. This leadership position has also resulted in the emergence of a price difference associated with where to clear a swap. We believe that this structural shift, with a price divergence depending on the particular clearing house through which a trade is cleared, will remain and LCH.Clearnet is well positioned to benefit from this. LCH.Clearnet's credit default swaps clearing business has also seen significant growth in its market share over the course of 2015, ahead of the expected introduction of a clearing mandate in Europe.

Delivering best in class capabilities

The Group has retained its focus on innovation and developing products that provide solutions for our customers. In Post Trade, Monte Titoli completed the migration to Europe's T2S platform and launched its new tri-party collateral management tool, X-COM. LCH.Clearnet's ForexClear announced plans to build a FX options clearing offering and its RepoClear service saw growing momentum in €GCPlus, a new general collateral clearing service in partnership with EuroClear and with the support of Banque de France. MTS, the Group's electronic fixed income trading platform, is one of the providers supporting the trading of these repo transactions and we expect to see continued growth in 2016.

In 2015, Turquoise, our pan-European trading platform, surpassed more than €1 trillion value traded for the first time. Turquoise Block Discovery, its innovative product to facilitate large-in-scale trades, now averages single executed orders in excess of €200,000, more than 20 times larger than the average €10,000 for continuous dark order books. The Group's Italian derivatives platform also saw good growth, with contracts traded on the platform increasing by 14%.

Our long-term public support to help finance the real economy remains a key area of focus both for our Capital Markets business, but also because of our commitment to corporate responsibility in the communities in which we operate. SMEs are the key to future economic growth and high quality job creation across Europe and we support the measures being proposed as part of the Capital Markets Union Action Plan, which will help simplify the process for high-growth companies seeking access to non-bank finance more efficiently. Within the Group, ELITE, our innovative business support programme for private companies, now has over 300 firms from across 21 European countries with combined revenues of €30 billion accounting for over 120,000 jobs across Europe. We also announced the launch of ELITE Connect, a unique on-line platform for public companies, intermediaries and institutional investors, facilitating communications between them. AIM, the world's most successful growth market celebrated its 20th anniversary in 2015. Since inception, AIM has welcomed more than 3,500 companies raising more than £95 billion through IPOs and further issues.

In other areas, we announced the sale of Russell Investments to TA Associates and Reverence Capital for gross proceeds of US$1,150 million and are working to deliver a smooth transition of ownership, expected in the first half of 2016. We also completed the sale of a non core asset Proquote, a UK market data vendor from our Information Services division.

Outlook

LSEG remains well positioned to benefit from the evolving regulatory landscape in which we operate. Although the implementation of landmark legislation in Europe, MiFID II, is likely to be delayed, we support its aims, which will promote greater competition, transparency and innovation. We firmly believe that transparency and consumer choice will create deeper pools of liquidity, reduce costs and lead to better risk management in the financial system through netting and cross-margining and we will continue to work with market participants to ensure a smooth transition.

We continue to focus on strong cost discipline during a period of heightened capital expenditure as we integrate new operations, focusing on efficient new technology and investing for future growth. We remain on track to deliver the cost efficiencies and synergies at LCH.Clearnet and FTSE Russell.

We operate in a dynamic industry and we are not complacent. However, the role of a global open access markets infrastructure business has never been more relevant. In February 2016, the Group confirmed that it is in detailed discussions with Deutsche Börse regarding a potential all-share merger of equals. The potential merger would represent a compelling opportunity to strengthen each other in an industry-defining combination, creating a European-based global market infrastructure group with significant benefits for our customers. Discussions between the parties remain ongoing and there can be no certainty that a transaction will occur. Against this backdrop one thing is certain – we remain committed to delivering enhanced service and products for our customers and value for our shareholders.

Financial review

As a consequence of the Group changing its financial reporting reference date to 31 December, this report shows audited results for the 12 months to 31 December 2015 in comparison to audited results for the nine months to 31 December 2014. To provide further insight, we also show information with commentary and analysis in comparison with the equivalent 12 months ended 31 December 2014 (unaudited).

CY2015 is the financial year from 1 January 2015 to 31 December 2015 (audited). FY2014 is the financial year from 1 April 2014 to 31 December 2014 (audited). CY2014 is the calendar year from 1 January to 31 December 2014 (unaudited). Commentary on performance uses variances on an organic and constant currency basis, unless otherwise stated. Constant currency is calculated by rebasing 2014 at 2015 foreign exchange rates. Sub-segmentation of revenues are unaudited and are shown to assist understanding of performance.

Further disclosure is provided for Cost of sales which comprises data and licence fees, data feed costs, expenses incurred in respect of revenue share arrangements and costs incurred in the MillenniumIT business that are directly attributable to the construction and delivery of customers' goods or services, and any other costs linked and directly incurred to generate revenues and provide services to customers.

Highlights

On a statutory comparative basis:

- Total income of £2,381.5 million (FY2014: £1,044.0 million) and total revenue of £2,285.4 million (FY2014: £971.4 million), including a full year's income contribution from Frank Russell Company Investment Management of £955.3 million
- Operating expenses of £1,052.0 million (FY2014: £525.0 million) including a full year's contribution from Frank Russell Company Investment Management of £339.3 million
- Adjusted Operating profit of £709.6 million (FY2014: £417.5 million)
- Operating profit of £499.9 million (FY2014: £242.1 million)
- Adjusted basic earnings per share of 129.4 pence (FY2014: 75.6 pence)
- Basic earnings per share of 94.6p pence (FY2014: 37.9 pence)
- Cash generated from operations of £734.1 million (FY2014: £413.4 million)
- Year end operating net debt to adjusted EBITDA at 1.7 times (FY2014: 2.1 times), within the Group's normal target range of 1-2 times.

On a twelve month calendar year comparative basis:

- Total income up at £2,381.5 million (CY2014: £1,380.6 million) On an organic constant currency basis adjusted total income was up 2%
  with an increase in revenue from the core business segments and broadly flat net treasury income.
- Operating expenses up 1% on an organic constant currency basis at £1,052.0 million (CY2014: £702.3 million)
- Adjusted operating profit rose to £709.6 million (CY2014: £558.0 million) due to the inclusion of Frank Russell Company for the full year.
- Operating profit up to £499.9 million (CY2014: £346.0 million) with higher adjusted operating profit and lower non-recurring costs.
- Adjusted basic earnings per share increased 25% at 129.4 pence (CY2014: 103.3 pence)
- Basic earnings per share increased 67% to 94.6 pence (CY2014: 56.5 pence) as a result of higher earnings and lower non recurring costs.

David Warren
Group Chief Financial Officer

Revenue	12 months ended Dec 2015 Continuing £m	Discontinued £m	Total £m	9 months ended Dec 2014 Continuing £m	Discontinued £m	Total £m
Capital Markets	330.3	-	330.3	249.1	-	249.1
Post Trade Services - CC&G and Monte Titoli	89.8	-	89.8	71.5	-	71.5
Post Trade Services - LCH.Clearnet	302.1	-	302.1	238.7	-	238.7
Information Services[1]	517.4	7.6	525.0	274.0	7.0	281.0
Technology Services	80.6	-	80.6	47.3	-	47.3
Russell Investment Management [1]	-	953.1	953.1	-	79.7	79.7
Other	4.5	-	4.5	4.1	-	4.1
Total revenue	1,324.7	960.7	2,285.4	884.7	86.7	971.4
Net treasury income through CCP businesses	85.7	-	85.7	69.1	-	69.1
Other income	8.2	2.2	10.4	3.5	-	3.5
Total income	1,418.6	962.9	2,381.5	957.3	86.7	1,044.0
Adjusted total income	1,418.6	962.9	2,381.5	957.2	86.7	1,043.9
Cost of sales	(125.5)	(494.9)	(620.4)	(69.4)	(32.1)	(101.5)
Gross profit	1,293.1	468.0	1,761.1	887.8	54.6	942.4
Operating expenses[2]	(708.4)	(343.6)	(1,052.0)	(482.4)	(42.6)	(525.0)
Share of profit after tax of associates	-	0.5	0.5	-	0.1	0.1
Adjusted operating profit[2]	584.7	124.9	709.6	405.4	12.1	417.5
Operating profit	404.4	95.5	499.9	233.2	8.9	242.1
Adjusted basic earnings per share[2]	103.4p	26.0p	129.4p	72.9p	2.7p	75.6p
Basic earnings per share	74.8p	19.8p	94.6p	35.9p	2.0p	37.9p

Revenue	12 months ended Dec 2015 Continuing £m	Discontinued £m	Total £m	12 months ended Dec 2014 (unaudited) Continuing £m	Discontinued £m	Total £m	Variance %	Variance at organic and constant currency[3] %
Capital Markets	330.3	-	330.3	333.2	-	333.2	(1)	3
Post Trade Services - CC&G and Monte Titoli	89.8	-	89.8	96.5	-	96.5	(7)	3
Post Trade Services - LCH.Clearnet	302.1	-	302.1	329.4	-	329.4	(8)	(6)
Information Services[1]	517.4	7.6	525.0	363.7	9.3	373.0	41	5
Technology Services	80.6	-	80.6	66.0	-	66.0	22	20
Russell Investment Management [1]	-	953.1	953.1	-	79.7	79.7	-	15
Other	4.5	-	4.5	5.4	-	5.4	(17)	(15)
Total revenue	1,324.7	960.7	2,285.4	1,194.2	89.0	1,283.2	78	2
Net treasury income through CCP businesses	85.7	-	85.7	92.6	-	92.6	(7)	(1)
Other income	8.2	2.2	10.4	4.8	-	4.8	96	71
Total income	1,418.6	962.9	2,381.5	1,291.6	89.0	1,380.6	72	2
Adjusted total income	1,418.6	962.9	2,381.5	1,292.1	89.0	1,381.1	72	2
Cost of sales	(125.5)	(494.9)	(620.4)	(88.5)	(32.4)	(120.9)	413	38
Gross profit	1,293.1	468.0	1,761.1	1,203.6	56.6	1,260.2	40	1
Operating expenses[2]	(708.4)	(343.6)	(1,052.0)	(658.2)	(44.1)	(702.3)	50	1
Share of profit after tax of associates	-	0.5	0.5	-	0.1	0.1	437	-

Adjusted operating profit[2]	**584.7**	**124.9**	**709.6**	**545.4**	**12.6**	**558.0**	27	(1)
Operating profit	**404.4**	**95.5**	**499.9**	**336.6**	**9.4**	**346.0**	44	4
Adjusted basic earnings per share[2]	**103.4p**	**26.0p**	**129.4p**	**100.5p**	**2.8p**	**103.3p**	25	
Basic earnings per share	**74.8p**	**19.8p**	**94.6p**	**54.4p**	**2.1p**	**56.5p**	67	

1. Frank Russell Company results consolidated from acquisition in December 2014.
2. Before amortisation and impairment of purchased intangible assets, goodwill and non-recurring items.
3. Organic growth excludes Proquote, Bonds.com, MTS Indices, Exactpro and Frank Russell Company.

Capital Markets

Revenue	12 months ended Dec 2015 £m	9 months ended Dec 2014 £m
Primary Markets	88.8	**68.2**
Secondary Markets Equities	143.7	**102.9**
Secondary Markets - Fixed Income, Derivatives and other	97.8	**78.0**
Total revenue	**330.3**	**249.1**
Cost of sales	**(15.1)**	**(10.9)**
Gross profit	**315.2**	**238.2**
Operating expenses	**(144.3)**	**(113.0)**
Operating profit	**170.9**	**125.2**

Capital Markets

Revenue	12 months ended Dec 2015 £m	12 months ended Dec 2014 (unaudited) £m	Variance %	Variance at organic and constant currency[3] %
Primary Markets	88.8	**88.8**	(0)	2
Secondary Markets Equities	143.7	**139.2**	3	6
Secondary Markets - Fixed Income, Derivatives and other	97.8	**105.2**	(7)	1
Total revenue	330.3	**333.2**	(1)	3
Cost of sales	(15.1)	**(14.3)**	6	5
Gross profit	315.2	**318.9**	(1)	3
Operating expenses	(144.3)	**(156.1)**	(8)	
Operating profit	170.9	**162.8**	5	

Capital Markets revenue, which mainly comprises primary and secondary market activities, was £330.3 million (FY2014: £249.1 million).

On a twelve month calendar year comparative basis:

Capital Markets revenues increased by 3% as main market issuance activity remained strong despite a reduction in AIM issuance. Primary Markets revenue rose 2%. Continued strong equity and fixed income trading volumes and value traded resulted in a 6% revenue increase in Secondary

Markets.

In Primary Markets, the total amount of capital raised across our markets, both through new and further issues, decreased 2% to £41.7 billion (CY2014: £42.6 billion). New issues for the UK Main market increased whilst there was a decline in UK AIM listings. In total there were 88 issues on our UK Main market (CY2014: 75), 27 in Italy (CY2014: 26) whilst there were 61 on AIM (CY2014: 118). Looking ahead, the pipeline of companies looking to join our markets remains good despite volatility in Q1.

In Secondary Markets, Italian equity trading volumes increased 6% due to market volatility to 280,000 trades per day (CY2014: 264,000). In the UK, average order book daily value traded rose 7% at £4.9 billion (CY2014: £4.6 billion). Trading on Turquoise, our pan-European equities platform, delivered a 16% rise in average daily equity value traded, to €4.3 billion (CY2014: €3.7 billion).

Fixed income & Derivatives revenue rose by 1%, reflecting growth from MTS Repo (volumes up 19%) offset by Cash and BondVision (down 2%). Derivatives revenues were broadly flat with growth in Italian derivatives trading being offset by continued low levels of Russian contracts.

Cost of sales rose 5% to £15.1 million (CY2014: £14.3 million) on strong Turquoise revenues with gross profit up 3%. Actual operating expenses were down 8% on a year on year basis to £144.3 million (CY2014: £156.1 million) with operating profit up 5% to £170.9 million (CY2014: £162.8 million).

Post Trade Services - CC&G and Monte Titoli

Revenue	12 months ended Dec 2015 £m	9 months ended Dec 2014 £m
Clearing	**38.0**	**27.8**
Settlement, Custody & Other	**51.8**	**43.7**
Total revenue	**89.8**	**71.5**
Net treasury income	**29.3**	**23.2**
Inter-segmental income	**0.9**	**0.9**
Total income	**120.0**	**95.6**
Cost of sales	**(6.7)**	**(3.1)**
Gross profit	**113.3**	**92.5**
Operating expenses	**(61.5)**	**(45.4)**
Operating profit	**51.8**	**47.1**

Post Trade Services - CC&G and Monte Titoli

Revenue	12 months ended Dec 2015 £m	12 months ended Dec 2014 (unaudited) £m	Variance %	Variance at organic and constant currency[3] %
Clearing	**38.0**	**38.2**	(1)	10
Settlement, Custody & Other	**51.8**	**58.3**	(11)	(1)
Total revenue	**89.8**	**96.5**	(7)	3
Net treasury income	**29.3**	**32.6**	(10)	(0)
Inter-segmental income	**0.9**	**1.1**	(18)	-
Total income	**120.0**	**130.2**	(8)	3
Cost of sales	**(6.7)**	**(4.2)**	60	80
Gross profit	**113.3**	**126.0**	(10)	1
Operating expenses	**(61.5)**	**(63.1)**	(3)	
Operating profit	**51.8**	**62.9**	(18)	

Post Trade Services income, which comprises of clearing (CC&G), settlement and custody activities (both Monte Titoli), was £119.1 million excluding inter-segmental income (FY2014: £94.7 million).

On a twelve month calendar year comparative basis:

Clearing revenues rose 10% reflecting the growth in Italian equities, derivatives and fixed income trading. Settlement revenues decreased 1% following a 7% decline in settlement instructions.

In the Monte Titoli CSD business, revenues decreased by 1%, in line with the decrease in the average value of assets under custody.

CC&G generates net treasury income by investing the cash margin held, retaining any surplus or deficit after members are paid a return on their cash collateral contributions. Net treasury income was flat with CY2014 benefitting from extraordinary gains of £9.0 million on the sale of long dated securities whilst rebalancing it's portfolio offset by more favourable margins and spreads driving income in CY2015. The average daily initial margin rose 24% to €12.3 billion (CY2014: €9.9 billion).

Cost of sales rose 80% to £6.7 million as a result of the launch of Monte Titoli on the T2S settlement system with gross profit up 1%. Actual operating expenses were 3% lower with an 18% decrease in operating profit to £51.8 million (CY2014: £62.9 million) on a year on year basis.

Post Trade Services - LCH.Clearnet

Revenue	12 months ended Dec 2015 £m	9 months ended Dec 2014 £m
OTC	**156.8**	**105.1**
Non-OTC	**114.5**	**115.2**
Other	**30.8**	**18.4**
Total revenue	**302.1**	**238.7**
Net treasury income	**56.4**	**45.9**
Other income	**2.2**	**0.1**
Total income	**360.7**	**284.7**
Adjusted total income[1]	**360.7**	**284.6**
Cost of sales	**(28.3)**	**(10.7)**
Gross profit	**332.4**	**274.0**
Operating expenses	**(241.5)**	**(192.6)**
Operating profit	**90.9**	**81.4**

Post Trade Services - LCH.Clearnet

Revenue	12 months ended Dec 2015 £m	12 months ended Dec 2014 (unaudited) £m	Variance %	Variance at organic and constant currency[3] %
OTC	**156.8**	**138.2**	13	15
Non-OTC	**114.5**	**159.8**	(28)	(24)
Other	**30.8**	**31.4**	(2)	(3)
Total revenue	**302.1**	**329.4**	(8)	(6)
Net treasury income	**56.4**	**60.0**	(6)	(2)
Other income	**2.2**	**(0.5)**	-	-
Total income	**360.7**	**388.9**	(7)	(4)
Adjusted total income[1]	**360.7**	**389.4**	(7)	(4)
Cost of sales	**(28.3)**	**(10.7)**	164	193
Gross profit	**332.4**	**378.2**	(12)	(7)
Operating expenses	**(241.5)**	**(264.3)**	(9)	
Operating profit	**90.9**	**113.9**	(20)	

1. Unrealised gains and losses in Other income excluded from adjusted total income in 2014

Post Trade Services – LCH.Clearnet segment comprises the Group's majority owned global clearing business. Total income was £360.7 million (FY2014: £284.7 million).

On a twelve month calendar year comparative basis:

OTC revenue of £156.8 million grew by 15% driven by continued strong growth in SwapClear, predominantly in client clearing with trades increasing 67% to 678,000 (CY2014: 407,000). In 2015 SwapClear membership increased to 116 (CY2014: 114).

Non-OTC revenue was down to £114.5 million (CY2014: £159.8 million), with revenue up 1% excluding the loss of LME commodities clearing in September 2014. Growth was driven by strong cash equities trading volumes partly due to the increased attractiveness of netting.

Other revenue was down 3% to £30.8 million, with an increase in revenue sharing being partially offset by growth in non cash collateral fees and SwapClear compression fees, with a reduction of US$111 trillion of net notional across the year (CY2014: US$64 trillion) increasing market efficiency and reducing client exposures.

Net treasury income of £56.4 million was 2% down (CY2014: £60.0 million) reflecting the impact of lower interest rates, offset by a 2% increase in average cash collateral to €56.9 billion driven by SwapClear growth.

Cost of sales was up to £28.3m (CY2014: £10.7 million) as a result of the growth in SwapClear and the associated share of surplus, plus increased data usage costs. Gross profit was 7% lower. Actual operating costs decreased 9% to £241.5 million on a year on year basis (CY2014: £264.3 million). Operating Profit decreased 20% on a year on year basis to £90.9m (CY2014: £113.9 million)

Information Services (Continuing Operations)

	12 months ended Dec 2015	**9 months ended Dec 2014**
Revenue	£m	£m
FTSE Russell Indexes	**348.9**	**150.7**
Real time data	**82.2**	**61.0**
Other information services	**86.3**	**62.3**
Total revenue	**517.4**	**274.0**
Cost of sales	**(45.4)**	**(26.1)**
Gross profit	**472.0**	**247.9**
Operating expenses	**(201.4)**	**(105.2)**
Operating profit	**270.6**	**142.7**

Information Services (Continuing Operations)

Revenue	12 months ended Dec 2015 £m	12 months ended Dec 2014 (unaudited) £m	Variance %	Variance at organic and constant currency[3] %
FTSE Russell Indexes	**348.9**	**196.8**	77	7
Real time data	**82.2**	**84.3**	(2)	(0)
Other information services	**86.3**	**82.6**	4	5
Total revenue	**517.4**	**363.7**	42	5
Cost of sales	**(45.4)**	**(35.0)**	30	31
Gross profit	**472.0**	**328.7**	44	5
Operating expenses	**(201.4)**	**(141.4)**	42	
Operating profit	**270.6**	**187.3**	44	

Information Services provides global indices products, real time pricing data, product identification reporting and reconciliation services. Information Services revenue was £517.4 million (FY2014: £274.0 million).

On a twelve month calendar year comparative basis:

FTSE Russell's revenue increased to £348.9 million (CY2014: £196.8 million) driven by FTSE growth and a full year's contribution from Russell Indexes. Organic and constant currency growth was 7%, with growth across all FTSE revenue lines but primarily in new data sales, funds and derivatives licensing.

Real time data revenue was flat year on year with the number of terminals unchanged at 207,000.

Other Information Services revenues rose 5% to £86.3 million, mainly as a result of continued growth of both UnaVista, driven by EMIR trade repository growth, and SEDOL from continued licence growth.

Cost of sales rose 31% reflecting continued revenue growth in benchmark related products, as well as increased data charges and partnership costs with Gross profit rising 5%. Actual operating expenses of £201.4 million (CY2014: £146.4 million) were up 38% on a year on year basis whilst Operating profit rose 50% to £270.6 million (CY2014: £180.8 million), both driven largely by a full year of FTSE Russell Indexes.

Technology Services

	12 months ended Dec 2015 £m	9 months ended Dec 2014 £m
Revenue	**80.6**	**47.3**
Inter-segmental revenue	**12.9**	**7.1**
Total income	**93.5**	**54.4**
Cost of sales	**(28.3)**	**(15.6)**
Gross profit	**65.2**	**38.8**
Operating expenses	**(58.8)**	**(34.2)**
Operating profit	**6.4**	**4.6**

Technology Services

	12 months ended Dec 2015	12 months ended Dec 2014 (unaudited)	Variance	Variance at organic and constant currency[3]
	£m	£m	%	%
Revenue	**80.6**	**66.0**	22	20
Inter-segmental revenue	**12.9**	**10.1**	28	-
Total income	**93.5**	**76.1**	23	23
Cost of sales	**(28.3)**	**(20.8)**	36	35
Gross profit	**65.2**	**55.3**	18	13
Operating expenses	**(58.8)**	**(43.3)**	36	
Operating profit	**6.4**	**12.0**	(47)	

Technology Services comprises technology connections and data centre services, along with the MillenniumIT business, based in Sri Lanka, which provides technology and enterprise services for the Group and third parties. Revenues for Technology Services were £80.6 million (FY2014: £47.3 million).

On a twelve month calendar year comparative basis:

Third party revenue increased by 20% to £80.6 million (CY2014: £66.0 million) driven by growth in MillenniumIT.

Cost of sales increased 35% in line with strong MillenniumIT performance resulting in a 13% increase in gross profit. Actual operating expenses were up 36% to £58.8 million (CY2014: £43.3 million) driven by the acquisition of Exactpro and continued Group technology investment. Operating profit was down 47% to £6.4 million (CY2014: £12.0 million) as a result.

Operating Expenses

Group operating expenses before amortisation and impairment of purchased intangible assets and goodwill were £1,052.0 million (FY2014: £525.0 million).

On a twelve month calendar year comparative basis:

Operating expenses before non-recurring and amortisation and impairment of purchased intangibles assets and non-recurring items were £1,052.0 million (CY2014: £702.3 million), the increase mainly reflecting inclusion of £351.9 million relating to a full year contribution of Frank Russell Company.

Operating expenses increased 1% on an organic, constant currency and inflation adjusted basis reflecting good control of core cost while we invest in growth initiatives. The Group's operating expenses, including depreciation, are expected to rise slightly in the next year as we continue investment in a number of products and services that will drive further growth and efficiencies in the years ahead.

Non-Recurring Items and purchased intangible assets

Non-recurring costs totalled £209.7m with an increase in amortisation of purchased intangibles to £156.7 million (CY2014: £92.6 million). Additional charges included £52.1 million of restructuring costs and £21.4 million of transaction costs partially offset by a gain of £19.9 million on disposal of Proquote.

Discontinued Operations

Discontinued operations principally comprises of the Russell Investment Management business and contributed adjusted operating profit of £124.9 million to the Group. On 8 October 2015, LSEG announced it has agreed the sale of the Frank Russell Company Investment Management business. The gain on the sale of the business will be liable for tax. The Proquote business was sold in October 2015.

Finance income and expense and taxation

On a twelve month calendar basis, net finance costs were £66.2 million, down £1.9 million on the prior year.

The Group effective tax rate (ETR) on underlying operations was 24.9% (FY2014: 25.6%). Included in the ETR for the year was the impact of finalising prior year tax returns. Removing this prior year impact would give an underlying ETR of 25.6% in line with the previous year. Within this, there were a number of offsetting factors relating to the mix of profits from different countries and a reduction in the UK corporate tax rate.

Cash flow and balance sheet

The Group's business continued to be strongly cash generative during the year, with cash generated from continuing operations of £734.1million. Total investment in the year was £86.0 million principally due to £117.3 million of capital expenditure offset by £21.8 million from the sale of the Proquote and Fix Gateway business.

At 31 December 2015, the Group had net assets of £3,196.1 million (FY2014: £2,955.3 million). The central counterparty clearing business assets and liabilities within LCH.Clearnet and CC&G largely offset each other but are shown gross on the balance sheet as the amounts receivable and payable are with different counterparties.

Net debt

	31 Dec 2015	**31 Dec 2014**
	£m	£m
Gross borrowings	**1,608.9**	1,726.4
Cash and cash equivalents	**(1,176.4)**	(1,127.2)
Net derivative financial (assets)/liabilities	**(47.9)**	(23.1)
Net Debt	**384.6**	576.1
Regulatory and operational cash	**888.1**	1,011.3
Operating net debt	**1,272.7**	1,587.4

At 31 December 2015, the Group had operating net debt of £1,272.7 million after setting aside £888.1 million of cash and cash equivalents held to support regulatory and operational requirements, including cash and cash equivalents set aside by Frank Russell Company mainly to support its investment management activities and regulated cash and cash equivalents at LCH.Clearnet Group together with further amounts covering requirements at other LSEG companies.

The Group's gross borrowings decreased by £117.5 million during the 12 months to 31 December 2015 with free cash generated by the Group during the year (after capex, taxes, interest and dividends), applied to reduce short dated bank borrowings.

In November 2015, the Group signed a new £600 million unsecured, revolving, syndicated bank facility, to refinance existing facilities, taking advantage of favourable market conditions to extend the maturity profile of its debt on improved terms and provide comfortable headroom for the medium term. The new facility is committed for 5 years providing the Group with financial flexibility through to 2020. At 31 December 2015, the Group had debt and committed credit lines totalling £2,147.4 million, with maturities extending from July 2016 out to 2021. With over £500 million of undrawn bank lines available, together with strong cash generation and improving credit metrics (described below), the Group continues to be well positioned to fund future growth, with scope for further refinancing in 2016 to underpin its longer term debt capital.

The Group’s interest cover (the coverage of net finance expense by earnings before interest, taxation, depreciation and amortisation, both before non-recurring items) increased to 11.7 times (31 December 2014: 9.4 times) in the 12 months to 31 December 2015, driven primarily by higher levels of EBITDA (including a full 12 month contribution from the investment management arm of Frank Russell) very comfortably covering a borrowings mix of relatively low cost drawn bank facilities and legacy bond debt. The Group’s organic cash generation remained strong with leverage (operating net debt to adjusted EBITDA) reducing to 1.7 times at 31 December 2015 (31 December 2014: 2.1 times). This is back within the Group's target range and should benefit further from the anticipated disposal of the investment management business of Frank Russell Company planned for the first half of 2016.

The Group’s long-term credit ratings with both Moody's and S&P improved during the year, reflecting the Group's progress with deleveraging to date following the Frank Russell acquisition in late 2014. In June 2015, Moody's upgraded LSEG from Baa2 to Baa1 and changed its outlook from negative to stable. S&P also changed its outlook from negative to stable in November 2015, although held its rating at BBB+. For LCH.Clearnet, S&P affirmed it's A+ long term rating with a stable outlook, with the only uncertainty during the year driven purely by the linkage between its rating and the rating of LSEG.

Foreign exchange

	2015	2014
Spot £/€ rate as 31 December	**1.36**	1.28
Spot £/$ rate as 31 December	**1.47**	1.56
Average £/€ rate for the year	**1.38**	1.25
Average £/$ rate for the year	**1.53**	1.65

The Group’s principal foreign exchange exposure arises as a result of translating its foreign currency earnings, assets and liabilities into LSEG’s reporting currency of sterling. For the 12 months to 31 December 2015, for continuing operations, the main exposures for the Group were its European based euro reporting businesses and its US based operations, principally FTSE Russell. A 10 euro cent movement in the average £/€ rate for the year and a 10 cent movement in the average £/$ rate for the year would have changed the Group’s operating profit for the year before amortisation of purchased intangible assets and non-recurring items by approximately £18 million and £14 million, respectively.

The Group continues to manage its translation risk exposure by matching the currency of its debt (including debt effectively swapped from sterling into currency) to the currency of its earnings, where possible, to ensure its key financial ratios are protected from material foreign exchange rate volatility. The debt funded element of the acquisition of the Frank Russell Company was US dollar denominated and this should reduce broadly in line with the Group's US dollar net investment following the anticipated completion of the sale of the investment management arm of Frank Russell.

Earnings per share

The Group recorded an adjusted basic earnings per share, which excludes amortisation and impairment of purchased intangible assets and goodwill, non-recurring items and unrealisable gains/losses on investments, of 129.4 pence which was up 25% on a twelve month comparative basis. Basic earning per share were 94.6 pence, an increase of 67% on a twelve month comparative basis (CY2014: 56.5 pence) as a result of higher adjusted operating profit and lower transaction related costs.

Dividend and Capital Management Policy

The Board is proposing a final dividend of 25.2 pence per share, which results in an implied 20% increase in the total dividend to 36.0 pence per share (pro-rating the 22.5 pence dividend for the prior comparative 9 month period). The final dividend will be paid on 1 June 2016 to shareholders on the register as at 6 May 2016.

The Board has reviewed the dividend policy in the context of its broader capital management approach. The Group's capital management framework takes account of our balance sheet position, investment for growth and capital distribution to shareholders both through the ordinary dividend policy and other possible returns. The Group aims to operate within a target leverage range of 1-2 times net debt: EBITDA, which applies suitable prudency while maintaining the flexibility to invest for growth through both organic and inorganic opportunities, although it may move outside of this target if significant and attractive strategic opportunities arise. The Group remains committed to a progressive ordinary dividend policy and expects to move towards a 2.5-3.0x dividend cover range. The interim dividend will be calculated as one-third of the prior full year dividend. One-off returns will be reviewed if the Group expects to hold surplus cash for a prolonged period.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2015

	Notes	Year ended 31 December 2015: Before acquisition amortisation and non-recurring items £m	Acquisition amortisation and non-recurring items £m	Total £m	Period ended 31 December 2014: Before acquisition amortisation and non-recurring items £m Re-presented [1,2]	Acquisition amortisation and non-recurring items £m Re-presented [1]	Total £m Re-presented [1,2]
Continuing operations							
Revenue	2	**1,324.7**	**-**	**1,324.7**	884.7	-	884.7
Net treasury income through CCP business	2	**85.7**	**-**	**85.7**	69.1	-	69.1
Other income	2	**8.2**	**-**	**8.2**	3.5	-	3.5
Total income		**1,418.6**	**-**	**1,418.6**	957.3	-	957.3
Cost of sales	2	**(125.5)**	**-**	**(125.5)**	(69.4)	-	(69.4)
Gross profit		**1,293.1**	**-**	**1,293.1**	887.9	-	887.9
Expenses							
Operating expenses	3, 5	**(708.4)**	**(180.8)**	**(889.2)**	(482.4)	(150.3)	(632.7)
Impairment of purchased intangibles and goodwill	3, 5	**-**	**-**	**-**	-	(22.0)	(22.0)
Gain on disposal of assets held for sale	3, 5	**-**	**0.5**	**0.5**	-	-	-
Operating profit/(loss)	5	**584.7**	**(180.3)**	**404.4**	405.5	(172.3)	233.2
Finance income		**2.9**	**-**	**2.9**	2.2	-	2.2
Finance expense		**(71.2)**	**-**	**(71.2)**	(51.5)	(1.8)	(53.3)
Net finance expense	6	**(68.3)**	**-**	**(68.3)**	(49.3)	(1.8)	(51.1)
Profit/(loss) before tax from continuing operations		**516.4**	**(180.3)**	**336.1**	356.2	(174.1)	182.1
Taxation	7	**(124.1)**	**76.0**	**(48.1)**	(91.1)	40.0	(51.1)
Profit/(loss) for the year/period from continuing operations		**392.3**	**(104.3)**	**288.0**	265.1	(134.1)	131.0
Discontinued operations							
Profit/(loss) after tax for the year/period from discontinued operations	8	**90.8**	**(21.7)**	**69.1**	8.8	(2.4)	6.4
Profit/(loss) for the year/period		**483.1**	**(126.0)**	**357.1**	273.9	(136.5)	137.4
Equity holders							
Profit/ (loss) for the year/period from continuing operations		**358.7**	**(99.1)**	**259.6**	236.9	(120.3)	116.6
Profit/ (loss) for the year/period from discontinued operations	8	**90.4**	**(21.7)**	**68.7**	8.8	(2.4)	6.4
Profit/ (loss) for the year/period attributable to equity holders		**449.1**	**(120.8)**	**328.3**	245.7	(122.7)	123.0

	Note						
Non-controlling interests							
Profit/ (loss) for the year/period attributable to non-controlling interests from continuing operations		**33.6**	**(5.2)**	**28.4**	28.2	(13.8)	14.4
Profit for the year/period attributable to non-controlling interests from discontinued operations	8	**0.4**	**-**	**0.4**	-	-	-
Profit/ (loss) for the year/period attributable to non-controlling interests		**34.0**	**(5.2)**	**28.8**	28.2	(13.8)	14.4
		483.1	**(126.0)**	**357.1**	273.9	(136.5)	137.4
Earnings per share attributable to equity holders							
Basic earnings per share	9			**94.6p**			37.9p
Diluted earnings per share	9			**93.2p**			37.4p
Adjusted basic earnings per share	9			**129.4p**			75.6p
Adjusted diluted earnings per share	9			**127.6p**			74.7p
Earnings per share for continuing operations attributable to equity holders							
Basic earnings per share	9			**74.8p**			35.9p
Diluted earnings per share	9			**73.7p**			35.5p
Adjusted basic earnings per share	9			**103.4p**			72.9p
Adjusted diluted earnings per share	9			**101.9p**			72.0p
Dividend per share in respect of the financial year/period:							
Dividend per share paid during the year/period	10			**10.8p**			20.7p
Dividend per share declared for the year/period	10			**25.2p**			9.7p

[1] - Comparative amounts have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.
[2] - Comparative amounts have been re-presented to reflect the presentation of cost of sales and gross profit in the financial statements which resulted in £69.4 million of costs being re-presented from operating expenses to cost of sales.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	Year ended 31 December 2015 £m	Period ended 31 December 2014 £m
Profit for the financial year/period		**357.1**	137.4
Other comprehensive income/(loss):			
Items that will not be subsequently reclassified to profit or loss			
Defined benefit pension scheme remeasurement gain/(loss)		**7.8**	(5.6)
		7.8	(5.6)
Items that may be subsequently reclassified to profit or loss			
Net investment hedge		**27.6**	23.9
Change in value of available for sale financial assets		**3.7**	(2.8)
Exchange loss on translation of foreign operations		**(62.6)**	(104.6)
Tax related to items not recognised in income statement	7	**(2.8)**	(11.3)
		(34.1)	(94.8)
Other comprehensive loss net of tax		**(26.3)**	(100.4)
Total comprehensive income for the financial year/period		**330.8**	37.0
Attributable to non-controlling interests		**16.8**	(12.7)
Attributable to equity holders		**314.0**	49.7
Total comprehensive income for the financial year/period		**330.8**	37.0

BALANCE SHEET

At 31 December 2015

	Notes	2015 £m	2014 £m (revised) [1]
Assets			
Non-current assets			
Property, plant and equipment		**93.9**	115.6
Intangible assets	11	**3,704.2**	4,484.7
Investment in associates		**0.3**	12.1
Deferred tax assets	12	**34.6**	76.5
Derivative financial instruments	13	**22.4**	22.7
Available for sale investments	13	**61.0**	4.8
Retirement benefit asset		**25.2**	16.0
Other non-current assets	13	**46.0**	64.8
		3,987.6	4,797.2
Current assets			
Inventories		**3.7**	6.6
Trade and other receivables		**331.3**	580.2
Derivative financial instruments	13	**25.5**	0.4
CCP financial assets		**428,244.3**	429,952.8
CCP cash and cash equivalents (restricted)		**28,444.2**	21,493.0
CCP clearing business assets	13	**456,688.5**	451,445.8
Current tax		**7.2**	24.3
Assets held at fair value	13	**9.9**	12.4
Cash and cash equivalents		**923.9**	1,127.2
		457,990.0	453,196.9
Assets held for sale	8	**1,273.6**	5.3
Total assets		**463,251.2**	457,999.4
Liabilities			
Current liabilities			
Trade and other payables		**452.4**	727.4
CCP clearing business liabilities	13	**456,663.3**	451,467.5
Current tax		**3.5**	51.6
Borrowings	14	**930.2**	789.9
Provisions		**1.5**	0.9
		458,050.9	453,037.3
Liabilities directly associated with assets held for sale	8	**539.0**	-
Non-current liabilities			
Borrowings	14	**678.7**	936.5
Other non-current payables	13	**43.5**	73.3
Deferred income		**2.2**	4.9
Deferred tax liabilities	12	**625.6**	861.3
Retirement benefit obligations		**40.6**	39.8
Other non-current liabilities	13	**65.3**	77.5
Provisions		**9.3**	13.5
		1,465.2	2,006.8
Total liabilities		**460,055.1**	455,044.1
Net assets		**3,196.1**	2,955.3

Equity

Capital and reserves attributable to the Company's equity holders			
Ordinary share capital	16	**24.0**	23.9
Share premium	16	**960.0**	957.7
Retained earnings		**255.3**	20.0
Other reserves		**1,504.6**	1,524.9
Total shareholders' funds		**2,743.9**	2,526.5
Non-controlling interests		**452.2**	428.8
Total equity		**3,196.1**	2,955.3

[1] - The 31 December 2014 comparatives have been revised for IFRS 3 fair value adjustments on the acquisition of Frank Russell Company and Bonds.com.

CASH FLOW STATEMENT

Year ended 31 December 2015

	Notes	Year ended 31 December 2015 £m	Period ended 31 December 2014 £m
Cash flow from operating activities			
Cash generated from operations	17	**734.1**	413.4
Interest received		**1.8**	3.1
Interest paid		**(65.2)**	(61.1)
Corporation tax paid		**(172.3)**	(65.6)
Withholding tax paid		**(0.5)**	(1.9)
Net cash inflow from operating activities		**497.9**	287.9
Cash flow from investing activities			
Purchase of property, plant and equipment		**(30.1)**	(16.1)
Purchase of intangible assets		**(87.2)**	(43.1)
Disposal proceeds from sale of property, plant and equipment classified as held for sale	5	**5.8**	-
Investment in other acquisition		**(1.5)**	(1.3)
Acquisition of businesses	19	**(2.9)**	(1,687.3)
Net cash inflow from acquisitions		**0.2**	290.8
Dividends received		**8.2**	0.7
Proceeds from sale of investment in a subsidiary	8	**21.8**	-
Net cash outflow from disposal of subsidiaries		**(0.3)**	-
Net cash outflow from investing activities		**(86.0)**	(1,456.3)
Cash flow from financing activities			
Capital raise		**-**	962.7
Dividends paid to shareholders	10	**(115.5)**	(56.2)
Dividends paid to non-controlling interests		**(7.2)**	(4.9)
Capital contributions in relation to non-controlling interests		**12.7**	1.3
Purchase of own shares by ESOP Trust		**-**	(0.5)
Proceeds from own shares on exercise of employee share options		**2.4**	-
Investment in available for sale financial assets		**(63.7)**	-
Proceeds from finance lease		**-**	1.8
Repayments of finance lease		**(6.8)**	(1.2)
Proceeds from borrowings		**-**	519. 9
Repayments of borrowings		**(143.5)**	-
Net cash (outflow)/inflow from financing activities		**(321.6)**	1,422.9
Increase in cash and cash equivalents		**90.3**	254.5
Cash and cash equivalents at beginning of year/period		**1,127.2**	919.2
Exchange loss on cash and cash equivalents		**(41.1)**	(46.5)
Cash and cash equivalents at end of year/period		**1,176.4**	1,127.2
Cash and cash equivalents at end of year/period from continuing operations		923. 9	1,127.2
Cash and cash equivalents at end of year/period from discontinued operations	8	252.5	-
Cash and cash equivalents at end of year/period		**1,176.4**	**1,127.2**

Group cash flow does not include cash and cash equivalents held by the Group's Post Trade operations on behalf of its clearing members for use in its operation as manager of the clearing and guarantee system. These balances represent margins and default funds held for counterparties for short periods in connection with this operation. Interest on CCP balances are received net of withholding tax, which is deducted at source. This withholding tax is effectively a cash outflow for the Group, and is shown separately in the cash flow statement.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to equity holders						
	Ordinary share capital	Share premium	Retained earnings/ (losses)	Other reserves	Total attributable to equity holders	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
31 March 2014	18.8	-	(46.2)	1,592.4	1,565.0	438.0	2,003.0
Profit for the period	**-**	**-**	**123.0**	**-**	**123.0**	**14.4**	**137.4**
Other comprehensive income for the period	**-**	**-**	**(5.8)**	**(67.5)**	**(73.3)**	**(27.1)**	**(100.4)**
Issue of shares (Note 16)	**0.1**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Rights Issue (Note 16)	**5.0**	**957.7**	**-**	**-**	**962.7**	**-**	**962.7**
Final dividend relating to the year ended 31 March 2014 (Note 10)	**-**	**-**	**(56.2)**	**-**	**(56.2)**	**-**	**(56.2)**
Dividend payments to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(4.9)**	**(4.9)**
Employee share scheme expenses	**-**	**-**	**5.2**	**-**	**5.2**	**-**	**5.2**
Purchase of non-controlling interest within acquired subsidiary	**-**	**-**	**-**	**-**	**-**	**8.4**	**8.4**
31 December 2014	**23.9**	**957.7**	**20.0**	**1,524.9**	**2,526.5**	**428.8**	**2,955.3**
Profit for the year	**-**	**-**	**328.3**	**-**	**328.3**	**28.8**	**357.1**
Other comprehensive income/ (loss) for the period	**-**	**-**	**6.0**	**(20.3)**	**(14.3)**	**(12.0)**	**(26.3)**
Issue of shares (Note 16)	**0.1**	**2.3**	**-**	**-**	**2.4**	**-**	**2.4**
Interim dividend relating to the period ended 31 December 2014 (Note 10)	**-**	**-**	**(33.6)**	**-**	**(33.6)**	**-**	**(33.6)**
Final dividend relating to the period ended 31 December 2014 (Note 10)	**-**	**-**	**(44.4)**	**-**	**(44.4)**	**-**	**(44.4)**
Interim dividend relating to the year ended 31 December 2015 (Note 10)	**-**	**-**	**(37.5)**	**-**	**(37.5)**	**-**	**(37.5)**
Dividend payments to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(7.2)**	**(7.2)**
Employee share scheme expenses, net of tax	**-**	**-**	**16.5**	**-**	**16.5**	**-**	**16.5**
Capital contributions in relation to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**13.8**	**13.8**
31 December 2015	**24.0**	**960.0**	**255.3**	**1,504.6**	**2,743.9**	**452.2**	**3,196.1**

Shares held in the Employee Benefit Trust to settle exercises on employee share awards were 462,378 (31 December 2014: 595,179).

Other reserves comprise the following:

Merger reserve of £1,304.3 million (31 December 2014: £1,304.3 million), a distributable reserve arising on consolidation when the Company issued shares as part of the consideration to acquire subsidiary undertakings.
Capital redemption reserve of £514.2 million (31 December 2014: £514.2 million), a non-distributable reserve set up as a result of a court approved capital reduction.
Reverse acquisition reserve of £(512.5) million (31 December 2014: £(512.5) million), a non-distributable capital reserve arising on consolidation as a result of the capital reduction scheme.
Foreign exchange translation reserve of £184.3 million (31 December 2014: £232.5 million), a non-distributable reserve reflecting the impact of foreign currency changes on the translation of foreign operations.
Hedging reserve of £14.3 million (31 December 2014: £(13.6) million), a non-distributable reserve representing the cumulative fair value adjustment recognised in respect of net investment and cash flow hedges undertaken in accordance with hedge accounting principles.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations endorsed by the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value and on the basis of the Group's accounting policies.

The Group uses a columnar format for the presentation of its consolidated income statement. This enables the Group to aid the reader's understanding of its results by presenting profit for the year before amortisation of purchased intangible assets and non-recurring items. This is the profit measure used to calculate adjusted earnings per share and is considered to be the most appropriate as it best reflects the Group's underlying, recurring cash earnings and is the primary measure of performance monitored by the Group's Executive Committee. Profit before acquisition amortisation and non-recurring items is reconciled to profit before taxation on the face of the income statement.

Amounts in the income statement for the nine month period ended 31 December 2014 have been re-presented to reflect the inclusion of two additional performance measures, being cost of sales and gross profit, on the face of the income statement. This resulted in £69.4 million of costs from continuing operations being re-presented from operating expenses into cost of sales. The change in presentation is to further assist users in understanding the financial performance of the Group and does not impact previously reported profit before tax or profit after tax for the period.

The comparative income statement for the nine month period ended 31 December 2014 has also been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations. Further details are provided in Note 8.

In the prior year, the Group changed its financial year end to 31 December. As a consequence, the financial statements show results for the year to 31 December 2015, with the comparatives for the nine months to 31 December 2014.

Consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries with all inter-company balances and transactions eliminated, together with the Group's attributable share of the results of associates. The results of subsidiaries sold or acquired are included in the income statement up to, or from, the date that control passes. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Upon completion of the Group's fair value exercise, comparatives are revised up to 12 months after the acquisition date, for the final fair value adjustments. Further details are provided in Note 19. Adjustments to fair values include those made to bring accounting policies into line with those of the Group.

The Group applies a policy of treating transactions with non-controlling interests through the economic entity model. Transactions with non-controlling interests are recognised in equity. Where the non-controlling interest has an option to dispose of their holding to the Group, then these costs are recognised at the fair value of the option at the balance sheet date.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale and:

a) represents a separate major line of business or geographical area of operations;
b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
c) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Comparatives are also re-presented to reclassify disposed businesses or held for sale businesses as discontinued operations.

Recent accounting developments

There were no standards, interpretations or amendments issued by the International Accounting Standards Board (IASB) and IFRIC, effective as of 1 January 2015 that have been newly adopted in these financial statements.

The following standards and interpretations were issued by the IASB and IFRIC, but have not been adopted either because they were not endorsed by the EU at 31 December 2015 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:

International accounting standards and interpretations	Effective date
Amendments to IFRS 11, 'Joint arrangements' on accounting for acquisitions of interest in a joint operations	1 January 2016
Amendment to IAS 16,'Property,plant and equipment' and IAS 38,'Intangible assets', on Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 27, 'Separate financial statements' on equity method in separate financial statements	1 January 2016
Annual Improvements 2012-2014	1 January 2016
Amendments to IFRS 10, ‘Consolidated financial statements’, IFRS 12, ‘Disclosure of interests in other entities’ and IAS 28, 'Associates and joint ventures’ on applying the consolidated exception for investment entities	1 January 2016
Proposed amendments to IAS 1,’Presentation of financial statements’ disclosure initiative	1 January 2016
IFRS 14,’Regulatory deferral accounts’	1 January 2016
IFRS 9 ‘Financial instruments’ on classification and measurement and amendments regarding general hedge accounting	1 January 2018
IFRS 15 ‘Revenue from contracts with customers'	1 January 2018
IFRS 16 ‘Leases'	1 January 2019

2. Segmental Information

The Group is organised into operating units based on its service lines and has six reportable segments. The Executive Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the income statement.

Segmental disclosures for the year ended 31 December 2015 are as follows:

	Capital Markets	Post Trade Services - CC&G and Monte Titoli	Post Trade Services - LCH. Clearnet	Information Services	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	**330.3**	**89.8**	**302.1**	**517.4**	**80.6**	**4.5**	**-**	**1,324.7**
Inter-segmental revenue	**-**	**0.9**	**-**	**-**	**12.9**	**-**	**(13.8)**	**-**
Revenue	**330.3**	**90.7**	**302.1**	**517.4**	**93.5**	**4.5**	**(13.8)**	**1,324.7**
Net treasury income through CCP business	**-**	**29.3**	**56.4**	**-**	**-**	**-**	**-**	**85.7**
Other income	**-**	**-**	**2.2**	**-**	**-**	**6.0**	**-**	**8.2**
Total income	**330.3**	**120.0**	**360.7**	**517.4**	**93.5**	**10.5**	**(13.8)**	**1,418.6**
Cost of sales	**(15.1)**	**(6.7)**	**(28.3)**	**(45.4)**	**(28.3)**	**(1.7)**	**-**	**(125.5)**
Gross profit	**315.2**	**113.3**	**332.4**	**472.0**	**65.2**	**8.8**	**(13.8)**	**1,293.1**
Operating profit/(loss) before amortisation of purchased intangible assets and non-recurring items	**170.9**	**51.8**	**90.9**	**270.6**	**6.4**	**(2.1)**	**(3.8)**	**584.7**
Amortisation of purchased intangible assets								**(149.6)**
Non-recurring items								**(30.7)**
Operating profit								**404.4**
Net finance expense								**(68.3)**
Profit before taxation from continuing operations								**336.1**
Other income statement items								
Depreciation and software amortisation	**(10.5)**	**(6.7)**	**(28.5)**	**(11.6)**	**(5.4)**	**(0.2)**	**4.0**	**(58.9)**

Revenue from external customers principally comprises fees for services rendered amounting to £1,239.6 million (period ended 31 December 2014: £833.3 million) and Technology Services amounting to £80.6 million (period ended 31 December 2014: £47.3 million).

The Investment Management segment has been classified as a discontinued operation during the year as a result of the Group's decision to dispose of the Russell Investment Management business in its entirety. The Group also classified Proquote Ltd as a discontinued operation during the year. The results of Proquote are no longer presented in the Information Services segment. Further details are provided in Note 8.

Net treasury income through CCP business of £85.7 million (period ended 31 December 2014: £69.1 million) comprises gross interest income of £261.7 million (period ended 31 December 2014: £154.8 million) less gross interest expense of £176.0 million (period ended 31 December 2014: £85.7 million). The 2014 comparatives have been amended from those previously reported (an increase of £27.8 million to both interest income and interest expense) as a result of amounts of negative interest which were previously offset against interest income. Net treasury income is unchanged. Interest from investment in securities amount to £4.1 million (period ended 31 December 2014: £21.4 million).

Presented within Revenue are net settlement expenses from the CCP business of £3.2 million (period ended 31 December 2014: £2.4 million expense) which comprise gross settlement income of £13.3 million (period ended 31 December 2014: £14.5 million) less gross settlement expense of £16.5 million (period ended 31 December 2014: £16.9 million).

Comparative segmental disclosures for the period ended 31 December 2014 are as follows:-

Re-presented [1,2]

	Capital Markets	Post Trade Services - CC&G and Monte Titoli	Post Trade Services - LCH. Clearnet	Information Services	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	249.1	71.5	238.7	274.0	47.3	4.1	-	884.7
Inter-segmental revenue	-	0.9	-	-	7.1	-	(8.0)	-
Revenue	249.1	72.4	238.7	274.0	54.4	4.1	(8.0)	884.7
Net treasury income through CCP business	-	23.2	45.9	-	-	-	-	69.1
Other income	-	-	0.1	-	-	3.4	-	3.5
Total income	249.1	95.6	284.7	274.0	54.4	7.5	(8.0)	957.3
Cost of sales	(10.9)	(3.1)	(10.7)	(26.1)	(15.6)	(3.0)	-	(69.4)
Gross profit	**238.2**	**92.5**	**274.0**	**247.9**	**38.8**	**4.5**	**(8.0)**	**887.9**
Operating profit before amortisation of purchased intangible assets and non-recurring items	125.2	47.1	81.4	142.7	4.6	4.3	0.2	405.5
Amortisation of purchased intangible assets								(90.3)
Impairment of purchased intangible assets and goodwill								(22.0)
Non-recurring items								(60.0)
Operating profit								233.2
Net finance expense								(51.1)
Profit before taxation from continuing operations								182.1
Other income statement items:								
Depreciation and software amortisation	(9.5)	(4.1)	(19.9)	(8.3)	(2.0)	(0.2)	1.4	(42.6)

[1] - Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

[2] - Comparative amounts have been re-presented to reflect the presentation of cost of sales and gross profit in the financial statements.

3. Expenses by nature

Expenses comprise the following:

	Notes	Year ended 31 December 2015 £m	Period ended 31 December 2014 Re-presented[1,2] £m
Employee costs	4	**405.5**	242.3
Depreciation and non-acquisition software amortisation		**58.9**	42.6
Impairment and amortisation of purchased intangible assets and non-recurring items	5	**180.3**	172.3
IT costs		**107.4**	88.2
Other costs		**136.6**	109.3
Total operating expenses		**888.7**	654.7

[1] - Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.
[2] - Comparative amounts have been re-presented to reflect the presentation of cost of sales and gross profit in the financial statements.

Foreign exchange gains or losses included in the income statement are immaterial.

4. Employee costs

Employee costs comprise the following:

	Year ended 31 December 2015 £m	Period ended 31 December 2014 Re-presented[1] £m
Salaries and other short term benefits	**322.4**	191.6
Social security costs	**42.5**	33.2
Pension costs	**18.1**	12.1
Share-based compensation	**22.5**	5.4
Total	**405.5**	242.3

[1] Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

The average number of employees in the Group from total operations, was:

	Year ended 31 December 2015	Period ended 31 December 2014
UK	**1,731**	1,504
Italy	**565**	537
France	**242**	174
Sri Lanka	**926**	688
USA	**1,296**	1,312
Other	**791**	477
Total	**5,551**	4,692

Average is calculated from date of acquisition of a subsidiary company by the Group.

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

	Notes	Year ended 31 December 2015 £m	Period ended 31 December 2014 Re-presented [1] £m
Amortisation of purchased intangible assets	11	**149.6**	90.3
Transaction costs		**1.0**	54.6
Transaction credit		**(1.1)**	(2.4)
Restructuring costs		**9.9**	-
Restructuring credit		**-**	(3.8)
Integration costs		**21.4**	11.6
Impairment of purchased intangible assets and goodwill	11	**-**	22.0
Profit on disposal of assets held for sale		**(0.5)**	-
Total affecting operating profit		**180.3**	172.3
Charge for new transaction related revolving credit facility		**-**	1.8
Total affecting profit before tax		**180.3**	174.1
Tax effect on items affecting profit before tax			
Deferred tax on amortisation and impairment of purchased intangible assets		**(56.2)**	(32.3)
Current tax on amortisation and impairment of purchased intangible assets		**(1.8)**	(1.4)
Tax effect on other items affecting profit before tax		**(18.0)**	(6.3)
Total tax effect on items affecting profit before tax		**(76.0)**	(40.0)
Total charge to income statement		**104.3**	134.1

[1] Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

Transaction costs comprise charges incurred for ongoing services related to potential or completed acquisitions.

The transaction credit in the current year relates to the release of a contingent consideration liability in respect of a past acquisition of a Group subsidiary. The contractual terms under which the consideration was payable expired and the financial liability derecognised.

The transaction credit in the prior period relates to a reduction in obligations arising from the acquisition of LCH.Clearnet Group.

Restructuring and integration costs principally relate to the acquisition, restructuring and integration of LCH.Clearnet and Frank Russell Company.

The restructuring credit in the prior period relates to contributions made by third parties to cover restructuring costs incurred in previous periods.

The £0.5 million profit on disposal of assets held for sale in the current year relates to the sale of a freehold property and related equipment held by a subsidiary. These assets were classified as held for sale at 31 December 2014. The carrying value of the assets at the date of disposal was £5.3 million.

Of the impairment recognised during the prior period, £21.8 million relates to licenses belonging to a cash generating unit within LCH.Clearnet's business in the USA, that was recognised on the acquisition of the LCH.Clearnet Group. Following a review, it was determined that the cash flows required to maintain the current valuation are too uncertain. Consequently, it was considered appropriate to impair the asset. The Group remains committed to developing the business to provide clearing services in the USA and continues to investigate all opportunities as they arise.

The remaining £0.2 million in the prior period relates to the goodwill on EDX London Limited. Following the transfer of the UK derivatives business to its parent company, the remaining goodwill allocated to the business was impaired.

6. Net finance expense

	Year ended 31 December 2015	Period ended 31 December 2014 Re-presented[1]
	£m	£m
Finance income		
Expected return on defined benefit pension scheme assets	**0.6**	-
Bank deposit and other interest income	**0.9**	1.7
Other finance income	**1.4**	0.5
	2.9	2.2
Finance expense		
Interest payable on bank and other borrowings	**(66.0)**	(49.1)
Defined benefit pension scheme interest cost	**(1.2)**	(0.5)
Other finance expenses	**(4.0)**	(1.9)
Non-recurring credit facility arrangement fees	**-**	(1.8)
	(71.2)	(53.3)
Net finance expense	**(68.3)**	(51.1)

[1] Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

Net finance expense includes amounts where the Group earns negative interest on its cash deposits.

7. Taxation

The standard UK corporation tax rate was 20.25% (21% for the period ended 31 December 2014).

Taxation charged to the income statement	Note	Year ended 31 December 2015 £m	Period ended 31 December 2014 Re-presented[1] £m
Current tax:			
UK corporation tax for the year/period		**49.8**	42.9
Overseas tax for the year/period		**51.6**	48.4
Adjustments in respect of previous years		**(4.2)**	(9.6)
		97.2	81.7
Deferred tax:	12		
Deferred tax for the year/period		**(0.2)**	3.0
Adjustments in respect of previous years		**2.0**	(0.4)
Deferred tax liability on amortisation and impairment of purchased intangible assets		**(50.9)**	(33.2)
Taxation charge		**48.1**	51.1

[1] Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

The adjustments in respect of previous years' corporation tax are mainly in respect of tax returns submitted to relevant tax authorities.

Taxation on items not credited/(charged) to income statement	Year ended 31 December 2015 £m	Period ended 31 December 2014 £m
Current tax credit/(charge):		
Tax allowance on share options/awards in excess of expense recognised	**5.8**	2.8
Gain on cash flow hedges	**-**	(17.2)
Deferred tax (loss)/credit:		
Defined benefit pension scheme remeasurement	**(2.8)**	0.7
Tax allowance on share options/awards in excess of expense recognised	**(0.1)**	1.5
Movement in value of available for sale financial assets	**-**	0.9
	2.9	(11.3)

Factors affecting the tax charge for the year/period

The income statement tax charge for the year/period differs from the standard rate of corporation tax in the UK of 20.25% (period ended 31 December 2014: 21%) as explained below:

	Year ended 31 December 2015 £m	Period ended 31 December 2014 Re-presented[1] £m
Profit before taxation from continuing operations	**336.1**	182.1
Profit before taxation from discontinued operations	**97.6**	8.9
	433.7	191.0
Profit multiplied by standard rate of corporation tax in the UK	**87.8**	40.1
Expenses not deductible/(income) not taxable	**3.5**	9.4
Adjustment arising from change in tax rate	**(4.6)**	0.8
Overseas earnings taxed at higher rate	**16.6**	25.2
Adjustments in respect of previous years	**(2.2)**	(10.0)
Amortisation and impairment of purchased intangible assets	**(0.2)**	(9.2)
Adjustment arising from changes in tax rates on amortisation of intangible assets	**(17.0)**	-
Deferred tax previously not recognised	**(7.3)**	(2.7)
Income tax from continuing operations	**48.1**	51.1
Income tax attributable to discontinued operations	**28.5**	2.5

[1] Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

The UK Finance Bill 2015 was enacted in November 2015 reducing the standard rate of corporation tax from 20% to 19% effective from 1 April 2017 and 18% effective from 1 April 2020. Accordingly the UK deferred tax balances at December 2015 have been stated at 20%, 19% or 18% dependent on when the timing differences are expected to reverse. The deferred tax balances in other countries are recognised at the substantially enacted rates at the balance sheet date.

8. Discontinued operations and assets and liabilities held for sale

During the year, the Group announced the completion of the comprehensive review focused principally on assessing the strategic fit of the Russell Investment Management business with the Group's long term strategy. After careful consideration, the conclusion of the comprehensive review was to explore a sale of this business in its entirety.

On 8 October 2015 the Group announced it had agreed the sale of the Russell Investment Management business to TA Associates for gross proceeds of U$1,150 million (£752 million) cash. The disposal of the Russell Investment Management business is expected to complete in the first half of 2016, subject to finalising agreements with the purchaser and any regulatory reviews.

At 31 December 2015, the Russell Investment Management business is classified as a disposal group held for sale and as a discontinued operation. The business of Russell Investment Management represented the entire Investment Management segment in the Group's annual consolidated financial statements for the nine month period ended 31 December 2014. With the Russell Investment Management business being classified as a disposal group held for sale and discontinued operations, the Investment Management segment is no longer presented within the income statement analysis in the Segmental Information note (Note 2).

During the year, the Group classified Proquote Ltd as a discontinued operation and completed its disposal for cash consideration of £22.0 million. The carrying value of net assets on disposal amounted to £1.9 million and after transaction costs of £0.2 million, a non-recurring profit on disposal of £19.9 million was recognised in the income statement from discontinued operations.

The results of discontinued operations are presented below:

	Notes	Year ended 31 December 2015 £m	Period ended 31 December 2014 £m
Revenue		**960.7**	86.7
Other income		**2.2**	-
Total income		**962.9**	86.7
Cost of sales		**(494.9)**	(32.1)
Share of profit after tax of associate		**0.5**	0.1
Expenses			
Expenses before amortisation of purchased intangible assets and non-recurring items		**(343.6)**	(42.6)
Amortisation of purchased intangible assets	11	**(7.1)**	(2.3)
Non-recurring items		**(22.3)**	(0.9)
Operating profit		**95.5**	8.9
Net finance income		**2.1**	-
Profit before tax from discontinued operations		**97.6**	8.9
Taxation	7	**(28.5)**	(2.5)
Profit after tax from discontinued operations		**69.1**	6.4
Attributable to:			
Equity holders		**68.7**	6.4
Non-controlling interests		**0.4**	-
		69.1	6.4

Discontinued revenue for the year ended December 2015 relates to Russell Investment Management of £953.1m (period ended December 2014: £79.7m) and Proquote of £7.6m (period ended December 2014: £7.0m).

During the year, the Group recognised £28.4 million of costs in relation to the planned disposal of the Russell Investment Management business.

The assets and liabilities of Russell Investment Management business as at 31 December 2015, that have been classified as held for sale in the balance sheet, are as follows:

	31 December 2015
Assets	£m
Property, plant and equipment	**32.0**
Intangible assets	**691.3**
Investments in associates	**5.3**
Trade and other receivables	**204.5**
Cash and cash equivalents	**252.5**
Deferred tax assets	**42.3**
Other assets	**45.7**
Assets held for sale	**1,273.6**
Liabilities	
Trade and other payables	**289.8**
Current tax	**5.2**
Deferred tax liabilities	**201.4**
Provision	**1.1**
Other liabilities	**41.5**
Liabilities directly associated with assets held for sale	**539.0**
Net assets directly associated with disposal group	**734.6**
Amounts included in accumulated Other Comprehensive Income:	
Foreign exchange translation reserves	**17.1**
Reserve of disposal group classified as held for sale	**17.1**

The carrying amounts of assets and liabilities are held at the lower of cost or net realisable value less costs to sell.

The net cash flows incurred by discontinued operations during the year/period are as follows:

	Year ended 31 December 2015	Period ended 31 December 2014
	£m	£m
Cash inflow/(outflow) from operating activities	**51.5**	(7.7)
Cash inflow/(outflow) from investing activities	**2.9**	(1.8)
Cash (outflow)/inflow from financing activities	**(5.8)**	0.5
Net cash inflow/(outflow)	**48.6**	(9.0)

9. 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, non-recurring items and unrealised gains and losses to enable a better comparison of the underlying earnings of the business with prior periods.

	Year ended 31 December 2015			Period ended 31 December 2014 Re-presented[1]		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Basic earnings per share	**74.8p**	**19.8p**	**94.6p**	35.9p	2.0p	37.9p
Diluted earnings per share	**73.7p**	**19.5p**	**93.2p**	35.5p	1.9p	37.4p
Adjusted basic earnings per share	**103.4p**	**26.0p**	**129.4p**	72.9p	2.7p	75.6p
Adjusted diluted earnings per share	**101.9p**	**25.7p**	**127.6p**	72.0p	2.7p	74.7p

[1] Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

Profit and adjusted profit for the financial year/period attributable to the Company's equity holders of the parent:

	Year ended 31 December 2015			Period ended 31 December 2014 Re-presented[1]		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£m	£m	£m	£m	£m	£m
Profit for the financial year/period attributable to the Company's equity holders	**259.6**	**68.7**	**328.3**	116.6	6.4	123.0
Adjustments:						
Amortisation of purchased intangibles and non recurring items:						
Amortisation of purchased intangible assets	**149.6**	**7.1**	**156.7**	90.3	2.3	92.6
Transaction costs	**1.0**	**-**	**1.0**	54.6	-	54.6
Transaction credit	**(1.1)**	**-**	**(1.1)**	(2.4)	-	(2.4)
Restructuring costs	**9.9**	**42.2**	**52.1**	-	0.9	0.9
Restructuring credit	**-**	**-**	**-**	(3.8)	-	(3.8)
Integration costs	**21.4**	**-**	**21.4**	11.6	-	11.6
Impairment of purchased intangible assets and goodwill	**-**	**-**	**-**	22.0	-	22.0
Charge for new revolving credit facility	**-**	**-**	**-**	1.8	-	1.8
Profit on disposal of assets and liabilities held for sale	**(0.5)**	**(19.9)**	**(20.4)**	-	-	-
Other adjusting items:						
Unrealised net investment loss (included in other income)	**-**	**-**	**-**	(0.1)	-	(0.1)
Tax effect of amortisation and impairment of purchased intangible assets and non-recurring items	**(76.0)**	**(7.7)**	**(83.7)**	(40.0)	(0.8)	(40.8)
Amortisation of purchased intangible assets, non-recurring and adjusting items, and taxation attributable to non-controlling interests	**(5.2)**	**-**	**(5.2)**	(13.8)	-	(13.8)
Adjusted profit for the financial year/period attributable to the Company's equity holders	**358.7**	**90.4**	**449.1**	236.8	8.8	245.6
Weighted average number of shares - million			**347.0**			324.7
Effect of dilutive share options and awards - million			**5.1**			4.2
Diluted weighted average number of shares - million			**352.1**			328.9

[1] Comparatives have been re-presented to reflect the classification of the Russell Investment Management and Proquote businesses as discontinued operations.

The weighted average number of shares excludes those held in the Employee Benefit Trust.

10. Dividends

	Year ended 31 December 2015	**Period ended 31 December 2014**
	£m	£m
Final dividend for 31 December 2014 paid 2 June 2015: 12.8p per Ordinary share (31 March 2014: 20.7p)	**44.4**	56.2
Interim dividend for 31 December 2014 paid 5 January 2015: 9.7p per Ordinary share	**33.6**	-
Interim dividend for 31 December 2015 paid 22 September 2015: 10.8p per Ordinary share	**37.5**	-
	115.5	56.2

The Board has proposed a final dividend in respect of the year ended 31 December 2015 of 25.2p per share, which is estimated to amount to £87.7 million, to be paid in June 2016. This is not reflected in these financial statements.

11. Intangible assets

		Purchased intangible assets				
	Goodwill	Customer and supplier relationships	Brands	Software, licenses and intellectual property	Software	Total
	£m	£m	£m	£m	£m	£m
Cost:						
1 April 2014	1,589.0	1,167.7	253.6	420.6	265.7	3,696.6
Additions	-	-	-	-	48.5	48.5
Acquisition of subsidiaries (revised)	473.0	804.1	677.6	30.7	5.6	1,991.0
Disposals	-	(0.8)	(0.1)	-	(29.2)	(30.1)
Foreign exchange	(63.5)	(38.1)	1.2	(10.0)	(17.4)	(127.8)
31 December 2014 (revised)	1,998.5	1,932.9	932.3	441.3	273.2	5,578.2
Additions	**3.9**	**-**	**-**	**-**	**96.5**	**100.4**
Disposal	**-**	**-**	**-**	**(0.8)**	**(4.8)**	**(5.6)**
Disposal of business	**-**	**-**	**-**	**-**	**(3.8)**	**(3.8)**
Reclassification to assets held for sale	**(142.4)**	**(413.9)**	**(118.7)**	**(23.4)**	**(0.3)**	**(698.7)**
Foreign exchange	**(37.3)**	**(2.5)**	**38.6**	**4.6**	**(19.1)**	**(15.7)**
31 December 2015	**1,822.7**	**1,516.5**	**852.2**	**421.7**	**341.7**	**4,954.8**
Accumulated amortisation and impairment:						
1 April 2014	486.3	244.8	28.0	149.3	118.5	1,026.9
Impairment	0.2	-	-	21.8	-	22.0
Amortisation charge for the period	-	48.2	10.3	34.1	26.8	119.4
Disposals	-	(0.8)	(0.1)	-	(28.9)	(29.8)
Foreign exchange	(19.6)	(8.9)	(0.4)	(5.2)	(10.9)	(45.0)
31 December 2014	466.9	283.3	37.8	200.0	105.5	1,093.5
Impairment	**-**	**-**	**-**	**-**	**1.0**	**1.0**
Amortisation charge for the year	**-**	**81.9**	**33.8**	**41.0**	**39.9**	**196.6**
Disposals	**-**	**-**	**-**	**(0.7)**	**(4.7)**	**(5.4)**
Disposal of business	**-**	**-**	**-**	**-**	**(1.9)**	**(1.9)**
Reclassification to assets held for sale	**-**	**(4.7)**	**(1.2)**	**(1.4)**	**(0.1)**	**(7.4)**
Foreign exchange	**(18.3)**	**(11.9)**	**1.0**	**(0.3)**	**3.7**	**(25.8)**
31 December 2015	**448.6**	**348.6**	**71.4**	**238.6**	**143.4**	**1,250.6**
Net book values:						
31 December 2015	**1,374.1**	**1,167.9**	**780.8**	**183.1**	**198.3**	**3,704.2**
31 December 2014 (revised)	1,531.6	1,649.6	894.5	241.3	167.7	4,484.7

The fair values of the 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 remaining amortisation periods of the Group's purchased intangible assets range between: 1 and 17 years for the Italian Group; 2 and 22 years for the LCH.Clearnet Group and the FTSE Group; and 2 and 24 years for the Frank Russell Group.

The goodwill arising on consolidation represents the growth potential and assembled workforces of the Italian Group, LCH.Clearnet Group, FTSE Group, MillenniumIT, the Frank Russell Group, Turquoise and Exactpro.

During the year, additions relating to internally generated software amounted to £96.5 million (31 December 2014: £48.5 million).

The carrying value of licenses held under finance leases at 31 December 2015 was £0.8 million (31 December 2014: £1.4 million).

In the prior period, the acquisition of the Frank Russell Group and Bonds.com Group resulted in the recognition of £484.7 million in goodwill. The exercise of attributing fair value adjustments to the assets and liabilities acquired with both the Frank Russell Group and Bonds.com businesses was completed during the year ended 31 December 2015. As a result, goodwill arising on acquisition of the Frank Russell Group and Bonds.com Group decreased by £9.1 million and £2.6 million, respectively, and purchased intangible assets in relation to the Bonds.com acquisition increased by £4.4 million. Further details are provided in Note 19.

12. Deferred tax

The movements in deferred tax assets and liabilities during the year/period are shown below.

Group	Accelerated tax depreciation £m	Acquisition deferred tax and amortisation (revised) £m	Provisions and other temporary differences £m	Total £m
1 April 2014	8.4	(316.2)	26.4	(281.4)
Transfer between categories	2.8	5.5	(8.3)	-
Tax credited to the income statement	(0.7)	33.2	(1.9)	30.6
Tax credited/(charged) to other comprehensive income:				
– defined benefit pension scheme remeasurement loss	-	-	0.7	0.7
– allowance on share options/awards	-	-	1.5	1.5
– movement in value of available for sale financial assets	-	-	0.9	0.9
– foreign exchange	(0.4)	10.5	-	10.1
Balance sheet transfer of pre-acquisition balances	(4.5)	-	37.9	33.4
Deferred tax recognised on acquisition (revised)	-	(580.6)	-	(580.6)
31 December 2014 (revised)	5.6	(847.6)	57.2	(784.8)
Transfer between categories	**-**	**(3.1)**	**3.1**	**-**
Tax credited/(charged) to the income statement	**1.2**	**56.2**	**(0.6)**	**56.8**
Tax credited/(charged) to other comprehensive income:				
– defined benefit pension scheme remeasurement loss	**-**	**-**	**(2.8)**	**(2.8)**
– foreign exchange	**-**	**(19.2)**	**-**	**(19.2)**
Allowance on share options/awards - to equity	**-**	**-**	**(0.1)**	**(0.1)**
Reclassification to assets held for sale	**1.6**	**199.8**	**(42.3)**	**159.1**
31 December 2015	**8.4**	**(613.9)**	**14.5**	**(591.0)**
Assets at 31 December 2015	**8.4**	**-**	**26.2**	**34.6**
Liabilities at 31 December 2015	**-**	**(613.9)**	**(11.7)**	**(625.6)**
Net assets/(liabilities) at 31 December 2015	**8.4**	**(613.9)**	**14.5**	**(591.0)**
Assets at 31 December 2014	10.5	-	66.0	76.5
Liabilities at 31 December 2014 (revised)	(4.9)	(847.6)	(8.8)	(861.3)
Net assets/(liabilities) at 31 December 2014 (revised)	5.6	(847.6)	57.2	(784.8)

The deferred tax assets are recoverable against future taxable profits and are due after more than one year.

The deferred tax asset of £14.5 million (31 December 2014: £57.2 million) in respect of provisions and other temporary differences mainly relates to share based payments £7.5 million (31 December 2014: £5.4 million), retirement benefits liability of £3.1 million (31 December 2014: £5.6 million), trading losses £6.1 million (31 December 2014: £4.3 million) and other provisions and temporary differences £4.0 million (31 December 2014: £13.4 million).

The purchased intangible assets of the acquired subsidiaries create a deferred tax liability due to the difference between their accounting and tax treatment. This liability is amortised at the same rate as the intangible assets.

The Group has unrecognised deferred tax assets in respect of losses of £20.5 million (31 December 2014: £20.4 million) within certain Group subsidiaries. The assets would be recognised in the future only if suitable taxable income were to arise within the Group.

13. Financial assets and financial liabilities

Financial instruments by category

The financial instruments of the Group are categorised as follows:

31 December 2015	Loans and receivables £m	Held-to-maturity assets £m	Available for sale at fair value through OCI £m	Financial instruments at fair value through profit or loss £m	Total £m
Assets as per balance sheet					
Financial assets of the CCP clearing business:					
– CCP trading assets	-	-	-	273,531.5	**273,531.5**
– Receivables for repurchase transactions	127,603.0	-	-	-	**127,603.0**
– Other receivables from clearing members	7,119.5	-	-	-	**7,119.5**
– Financial assets	-	102.4	10,038.3	9,849.6	**19,990.3**
– Cash and cash equivalents of clearing members	28,444.2	-	-	-	**28,444.2**
Financial assets of the CCP clearing business	163,166.7	102.4	10,038.3	283,381.1	**456,688.5**
Assets held at fair value	-	-	-	1.4	**1.4**
Total financial assets for CCP clearing business	163,166.7	102.4	10,038.3	283,382.5	**456,689.9**
Other non-current assets	46.0	-	-	-	**46.0**
Trade and other receivables	331.3	-	-	-	**331.3**
Cash and cash equivalents	923.9	-	-	-	**923.9**
Assets held at fair value	-	-	8.5	-	**8.5**
Available for sale financial assets	-	-	61.0	-	**61.0**
Derivatives not designated as hedges					
- Foreign exchange forward contracts	-	-	-	0.4	**0.4**
Derivatives used for hedging					
Net investment hedges:					
- Cross currency interest rate swaps	-	-	-	47.5	**47.5**
Total	164,467.9	102.4	10,107.8	283,430.4	**458,108.5**

There were no transfers between categories during the year.

31 December 2015	Financial liabilities at amortised cost £m	Financial liabilities at fair value through profit and loss £m	Total £m
Liabilities as per balance sheet			
Financial liabilities of the CCP clearing business:			
– CCP trading liabilities	-	273,531.5	**273,531.5**
– Liabilities under repurchase transactions	127,603.1	-	**127,603.1**
– Other payables to clearing members	55,528.4	-	**55,528.4**
– Financial liabilities held at fair value	-	0.3	**0.3**
Total financial liabilities of the CCP clearing business	183,131.5	273,531.8	**456,663.3**

Trade and other payables	452.4	-	**452.4**
Borrowings	1,608.9	-	**1,608.9**
Provisions	10.8	-	**10.8**
Other non-current liabilities	33.8	31.5	**65.3**
Other non-current payables	43.5	-	**43.5**
Total	185,280.9	273,563.3	**458,844.2**

There were no transfers between categories during the year.

The financial instruments of the Group at the previous year's balance sheet date were as follows:

31 December 2014	**Loans and receivables** £m	**Held-to-maturity assets** £m	**Available for sale at fair value through OCI** £m	**Financial instruments at fair value through profit or loss** £m	**Total** £m
Assets as per balance sheet					
Financial assets of the CCP clearing business:					
– CCP trading assets	-	-	-	293,722.9	**293,722.9**
– Receivables for repurchase transactions	113,084.8	-	-	-	**113,084.8**
– Other receivables from clearing members	2,908.3	-	-	-	**2,908.3**
– Financial assets	-	306.1	10,806.8	9,123.9	**20,236.8**
– Cash and cash equivalents of clearing members	21,493.0	-	-	-	**21,493.0**
Financial assets of the CCP clearing business	137,486.1	306.1	10,806.8	302,846.8	**451,445.8**
Assets held at fair value	-	-	-	12.4	**12.4**
Total financial assets for CCP clearing business	137,486.1	306.1	10,806.8	302,859.2	**451,458.2**
Other non-current assets	42.9	-	-	21.9	**64.8**
Trade and other receivables (revised)	576.6	-	-	3.6	**580.2**
Cash and cash equivalents	1,052.0	-	-	75.2	**1,127.2**
Available for sale financial assets	-	-	4.8	-	**4.8**
Derivatives not designated as hedges					
- Foreign exchange forward contracts	-	-	-	0.4	**0.4**
Derivatives used for hedging					
Net investment hedges:					
- Cross currency interest rate swaps	-	-	-	22.7	**22.7**
Total	139,157.6	306.1	10,811.6	302,983.0	**453,258.3**

Balances on government backed, bank issued certificates of deposits have been restated in the current year to exclude £306.1m of government issued bonds held to maturity.

31 December 2014	Financial liabilities at amortised cost £m	Financial liabilities at fair value through profit and loss £m	Total £m
Liabilities as per balance sheet			
Financial liabilities of the CCP clearing business:			
– CCP trading liabilities	-	293,722.8	**293,722.8**
– Liabilities under repurchase transactions	113,084.8	-	**113,084.8**
– Other payables to clearing members	44,650.1	-	**44,650.1**
– Financial liabilities held at fair value	-	9.8	**9.8**
Total financial liabilities of the CCP clearing business	157,734.9	293,732.6	**451,467.5**
Trade and other payables	727.4	-	**727.4**
Borrowings	1,726.4	-	**1,726.4**
Provisions	14.4	-	**14.4**
Other non-current liabilities	43.1	34.4	**77.5**
Other non-current payables	73.3	-	**73.3**
Total	160,319.5	293,767.0	**454,086.5**

There were no transfers between categories during the prior period.

14. Borrowings

	31 December 2015	31 December 2014
	£m	£m
Current		
Bank borrowings and trade finance loans	**680.0**	789.9
Bonds	**250.2**	-
	930.2	789.9
Non-current		
Bonds	**546.5**	796.7
Preferred securities	**132.2**	139.8
	678.7	936.5

The Group has the following committed bank facilities and unsecured notes:

Type	Expiry Date	Notes/Facility £m	Carrying value at 31 December 2015 £m	Interest rate percentage at 31 December 2015 %
Drawn value of Facilities				
Multi-currency revolving credit facility	Jun 2017	600.0	**530.7**	LIBOR + 0.6
Multi-currency revolving credit facility	Nov 2020	600.0	**149.3**	LIBOR + 0.45
Total Bank Facilities		1,200.0	**680.0**	
Bonds due July 2016	Jul 2016	250.0	**250.2**	5.875
Bonds due October 2019	Oct 2019	250.0	**248.6**	9.125
Bonds due November 2021	Nov 2021	300.0	**297.9**	4.75
LCH.Clearnet Preferred Securities	May 2017	147.4	**132.2**	6.576
Total Bonds		947.4	**928.9**	
Total Committed Facilities		2,147.4	**1,608.9**	

The carrying value of bank drawn facilities and bonds at 31 December 2014 was £789.1 million and £936.5 million, respectively.

Current borrowings
The Group arranged £600 million of new, committed facilities in November 2015 to replace existing facilities of £700 million. The resulting committed bank lines total £1,200 million. These facilities were partially utilised at 31 December 2015 with £680.0 million (31 December 2014: £789.1 million) drawn which includes £1.7 million of deferred arrangement fees.

In July 2006, the Company issued a £250 million bond which is unsecured and is due for repayment in July 2016. Interest is paid semi-annually in arrears in January and July each year. The issue price of the bond was £99.679 per £100 nominal. The coupon on the bond is dependent on movements in the Company's credit rating with Moody's which improved one notch to Baa1 during the financial year. The bond coupon consequently reduced from 6.125 per cent per annum to 5.875 per cent per annum during this year.

In addition, a number of Group entities have access to uncommitted operational, money market and overdraft facilities which support post trade activities and day to day liquidity requirements across its operations. The aggregate drawings against these facilities as at 31 December 2015 was nil (31 December 2014: £0.8 million).

CC&G has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements in the event of a market stress or participant failure. In addition, it has arranged back-up credit lines with a number of commercial banks, which totaled €420 million at 31 December 2015 (31 December 2014: €400 million), for overnight and longer durations to broaden its liquidity resources consistent with requirements under the European Markets Infrastructure Regulation (EMIR).

LCH.Clearnet SA has a French banking licence and is able to access refinancing at the European Central Bank to support its liquidity position. LCH.Clearnet Limited is deemed to have sufficient fungible liquid assets to maintain an appropriate liquidity position and, following the announcement by the Bank of England on 5 November 2014, is eligible to apply for participation in the sterling monetary framework to further support the CCP in member or market stress scenarios.

Non-current borrowings
In June 2009, the Company issued a £250 million bond which is unsecured and is due for repayment in October 2019. Interest is paid semi-annually in arrears in April and October each year. The issue price of the bond was £99.548 per £100 nominal. The coupon on the bond is dependent on the Company's credit ratings with Moody's and Standard & Poor's. The bond coupon remained at 9.125 per cent per annum throughout the financial period.

In November 2012, the Company issued a £300 million bond under its euro medium term notes programme (launched at the same time) which is unsecured and is due for repayment in November 2021. Interest is paid semi-annually in arrears in May and November each year. The issue price of the bond was £100 per £100 nominal. The coupon on the bond is fixed at 4.75 per cent per annum.

In May 2007, LCH.Clearnet Group Limited issued through Freshwater Finance plc a €200 million of Perpetual Preferred Securities to underpin its capital structure. €20 million of these Securities were subsequently repurchased in the market by LCH.Clearnet Group Limited. The coupon on these Securities is currently a fixed rate of 6.576 per cent per annum and interest is paid annually. In May 2017, this coupon will be replaced by a rate of 3 month Euribor plus 2.1 per cent per annum, and is the trigger point for a first call of the Securities.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	31 December 2015			**31 December 2014**		
	Drawn	Swapped	Effective	Drawn	Swapped	Effective
Currency	£m	£m	£m	£m	£m	£m
Sterling	**885.1**	**(368.5)**	**516.6**	923.7	(389.5)	534.2
Euro	**132.2**	**368.5**	**500.7**	140.1	389.5	529.6
USD	**591.6**	**-**	**591.6**	662.1	-	662.1
Sri Lankan Rupees	**-**	**-**	**-**	0.5	-	0.5
Total	**1,608.9**	**-**	**1,608.9**	1,726.4	-	1,726.4

15. Analysis of net debt

	31 December 2015	**31 December 2014**
	£m	£m
Due within one year		
Cash and cash equivalents	**923.9**	1,127.2
Bank borrowings	**(680.0)**	(789.9)
Bonds	**(250.2)**	-
Derivative financial assets	**25.5**	0.4
	19.2	337.7
Due after one year		
Bonds	**(546.5)**	(796.7)
Preferred securities	**(132.2)**	(139.8)
Derivative financial assets	**22.4**	22.7
Total net debt	**(637.1)**	(576.1)

Reconciliation of net cash flow to movement in net debt

	31 December 2015	**31 December 2014**
	£m	£m
Increase in cash in the year/ period	**90.2**	254.5
Bank loan repayments less new drawings	**143.5**	(519.9)
Change in net debt resulting from cash flows	**233.7**	(265.4)
Foreign exchange movements	**(67.0)**	(29.4)
Movement on derivative financial assets and liabilities	**24.8**	23.8
Bond valuation adjustment	**-**	0.1
Reclassification to assets held for sale	**(252.5)**	-
Net debt at the start of the year/ period	**(576.1)**	(305.2)
Net debt at the end of the year/ period	**(637.1)**	(576.1)

16. Share capital and share premium

Ordinary shares issued and fully paid

	Number of shares	**Ordinary shares** [1]	**Share premium**	**Total**
	millions	£m	£m	£m
At 1 April 2014	271.1	18.8	-	18.8
Issue of shares to the Employee Benefit Trust	1.5	0.1	-	0.1
Rights issue	74.3	5.0	957.7	962.7
At 31 December 2014	346.9	23.9	957.7	981.6
Issue of shares	**1.0**	**0.1**	**-**	**0.1**
Issue of shares to the Employee Benefit Trust	**0.4**	**-**	**2.3**	**2.3**
At 31 December 2015	**348.3**	**24.0**	**960.0**	**984.0**

[1] Ordinary Shares of 6 $^{79/86}$ p

In the current year, the Group issued 1,000,000 ordinary shares (period ended 31 December 2014: 1,500,000 ordinary shares) at par value 6 $^{79/86}$p to the Employee Benefit Trust in relation to the Group's employee share option schemes.

In addition, the Group issued 419,602 ordinary shares of par value 6 $^{79/86}$p at 564.663p to settle employee 'Save As You Earn' share plans. This generated a premium of £2.3 million.

In the prior period, the Group announced a 3 for 11 Rights Issue on 22 August 2014 in relation to the acquisition of the Frank Russell Company. The Rights Issue took place on 11 September 2014 and constituted 74,347,813 new ordinary shares of par value 6 $^{79/86}$ p at 1,295p. This generated share premium of £957.7 million. The new ordinary shares issued during the Rights Issue have the same rights as the other shares in issue.

17. Net cash flow generated from operations

	Notes	Year ended 31 December 2015 £m	Period ended 31 December 2014 £m
Profit before taxation		**433.7**	191.0
Depreciation and amortisation		**217.4**	136.3
Profit on disposal of investment in a subsidiary	8	**(19.9)**	(0.1)
Net finance expense/(income)	6, 8	**66.2**	51.1
Increase/(decrease) in inventories		**2.7**	(5.9)
Decrease/(increase) in trade and other receivables		**104.2**	0.7
(Increase)/decrease in trade and other payables		**(19.2)**	(14.2)
Impairment of goodwill and intangibles	11	**1.0**	22.0
(Increase)/decrease in CCP financial assets		**(31,702.3)**	20,425.6
Increase/(decrease) in CCP clearing business liabilities		**31,649.4**	(20,380.1)
Decrease in assets held at fair value		**2.7**	5.0
Defined benefit pension obligation - contributions in excess of expenses charged		**(2.8)**	(3.1)
Provisions utilised during the year/period		**(4.6)**	(6.9)
Reduction in obligation arising from acquisition of business		**-**	(2.4)
Share scheme expense		**32.1**	4.2
Foreign exchange losses on operating activities		**(4.6)**	(9.8)
Purchase of investment funds		**(21.1)**	-
Gain on disposal of property, plant and equipment and assets held for sale		**(0.8)**	-
Cash generated from operations		**734.1**	413.4
Comprising:			
Ongoing operating activities		**803.7**	481.3
Non-recurring items		**(69.6)**	(67.9)
		734.1	413.4

18. Commitments and contingencies

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were £0.9 million (period ended 31 December 2014: £1.9 million) and nil (period ended 31 December 2014: nil), respectively.

In the normal course of business, the Group receive legal claims in respect of commercial, employment and other matters. Where a claim is more likely than not to result in an economic outflow of benefits from the Group, a provision is made representing the expected cost of settling such claims.

19. Business combinations

Acquisitions in the year to 31 December 2015

The Group made two acquisitions in the year ended 31 December 2015.

Exactpro Systems Limited
On 29 May 2015, the Group acquired a 100 per cent interest in Exactpro Systems Limited (Exactpro) for a total consideration of US$6.8 million (£4.3 million), comprising £2.2 million cash consideration and £2.1 million deferred consideration. The main activity of Exactpro is to provide quality assurance to exchanges, investment banks, brokers and other financial sector organisations worldwide. The provisional fair value of net assets acquired was £1.4 million and the Group recognised £2.9 million in goodwill; these fair values will be finalised within twelve months of the acquisition date.

The Group's consolidated income statement for the year includes revenue of £1.6 million and operating profit of £0.9 million in respect of the Exactpro business since the acquisition date.

If the acquisition had occurred on 1 January 2015, the estimated Group revenue for the year from continuing operations would have been £1,327.5 million, with operating profit (before amortisation of purchased intangible assets and non-recurring items) of £582.9 million. These amounts have been calculated using the Group's accounting policies and based on available information.

XTF Inc.
On 21 December 2015, the Group acquired the trade and assets from XTF Inc. (XTF) for consideration of US$1.5 million (£1.0 million). Cash consideration amounting to £0.7 million was paid to the seller in the year ended 31 December 2015, and an estimated £0.3 million is payable on completion of the purchase price exercise. XTF is a U.S. based provider of high-quality ETF data, analytics and ratings. The Group recognised provisional goodwill of £1.0 million and the provisional fair value of net assets acquired was nil. The fair values are preliminary and will be finalised within twelve months of the acquisition date. The post acquisition revenues and operating profit attributable to the XTF assets were not material to the Group. If the acquisition had occurred on 1 January 2015, the results of XTF would have had an immaterial impact on the Group's revenue and operating profit from continuing operations for the year ended 31 December 2015.

None of the goodwill in relation to the two acquisitions in the year is expected to be deductible for tax purposes.

Acquisitions in the period to 31 December 2014

The Group made two acquisitions during the period ended 31 December 2014.

Frank Russell Company
On 2 December 2014, the Group completed the acquisition of the entire issue share capital of Frank Russell Company (Russell). Russell operated in two segments, those being information services through its index business and investment management. The index business is a leading provider of benchmarks to US-focused equity funds and also provides customised and innovative index solutions for clients. The investment management business held US$273 billion assets under management at the end of December 2014 and is a leading provider of multi-asset class investment solutions to institutional and retail investors worldwide.

The consideration paid by the Group at completion was £1,678.5 million comprising approximately £962.7 million financed from the net proceeds of a Rights Issue and the remaining financed in US dollars by the Group's multi-currency bank debt facilities, including a £600 million multi-currency revolving credit facility.

In the prior period, the Group recognised £476.0 million in provisional goodwill and the provisional fair value of net assets identified was £1,209.9 million, including £1,514.0 million of other intangibles assets.

Subsequent to the period ended 31 December 2014, the Group completed the exercise of attributing fair value adjustments to the assets and liabilities acquired from the Frank Russell Company. As a result, final fair value adjustments have been made to the previously presented provisional fair values at 31 December 2014 resulting in a reduction in the value of purchase consideration of £9.1 million and an increase in other receivables of £9.1 million. The impact of these final fair value adjustments is an decrease in goodwill of £9.1 million to amounts previously disclosed in our 31 December 2014 Annual Report and Interim Report 2015. These have been incorporated with effect from the date of acquisition and the comparative balance sheet and related notes have been revised to reflect these fair value adjustments.

Bonds.com Group
On 8 May 2014, the Group acquired 100 per cent of Bonds.com Group, a US-based electronic trading platform for U.S. corporate and emerging market bonds for a consideration of £8.8 million. As at 31 December 2014, the Group recognised £8.7 million in goodwill and the fair value of net assets identified was £0.1 million.

The valuation on the acquisition of Bonds.com was finalised during the year ended 31 December 2015 and resulted in a reduction of goodwill of £2.6 million, an increase in purchased intangibles of £4.4 million and an increase in deferred tax liability of £1.8 million compared to amounts previously disclosed in our 31 December 2014 Annual Report and Interim Report 2015. The impact of these final fair value adjustments have been incorporated with effect from the date of acquisition and the comparative balance sheet and related notes have been revised.

20. Events after the reporting period

On 23 February 2016, the Group confirmed that detailed discussions about a potential merger of equals was under way with Deutsche Börse.

The potential merger would be structured as an all-share merger of equals under a new holding company. Under the terms of the potential merger, LSEG shareholders would be entitled to receive 0.4421 new shares in exchange for each LSEG share and Deutsche Börse shareholders would be entitled to receive one new share in exchange for each Deutsche Börse share. Based on this exchange ratio, the parties anticipate that Deutsche Börse shareholders would hold 54.4 per cent, and LSEG shareholders would hold 45.6 per cent of the enlarged issued and to be issued share capital of the combined group. The combined group would have a unitary board composed of equal numbers of LSEG and Deutsche Börse directors.

Discussions between the parties remain ongoing and any transaction would be subject to regulatory approval, Group shareholders' approval and Deutsche Börse shareholders' acceptance, as well as other customary conditions.

For the purposes of DTR 6.4.2R, the Home State of London Stock Exchange Group plc is the United Kingdom.