London
Stock Exchange Group

Delivering Growth

Interim Report

Six months ended 30 September 2014

Welcome to our Interim Report 2014

HIGHLIGHTS

- Strong financial performance - revenue growth across each of the Group's business areas
- Revenue up 18 per cent to £592.6 million (H1 FY 2014: £504.2 million); up 15 per cent on organic and constant currency basis
- Group continues to benefit from diversification across a wide range of businesses and markets
- Total income, including net treasury income (excluding unrealised gains/losses at LCH.Clearnet), up 13 per cent at £642.5 million (H1 FY 2014: £567.1 million); up 10 per cent on organic and constant currency basis
- Underlying operating expenses up 6 per cent, and up only 2 per cent on organic and constant currency basis, reflecting continued cost control and good operating leverage
- Adjusted operating profit[1] up 24 per cent at £286.1 million (H1 FY 2014: £229.9 million); up 21 per cent on organic and constant currency basis; operating profit of £172.3 million (H1 FY 2014: £151.0 million)
- Adjusted basic EPS[1] up 22 per cent to 58.7 pence (H1 FY 2014: 48.2 pence); basic EPS of 26.6 pence (H1 FY 2014: 27.7 pence)
- Interim dividend increased 4.3 per cent to 9.7p pence per share, adjusting for the rights issue in September[2] (rebased H1 FY 2014: 9.3 pence per share)
- On track to complete the acquisition of Frank Russell Company before the end of 2014, with clearance from CMA received
- The comprehensive review of Russell's Investment Management business is making good progress and likely to be completed post acquisition completion, in late Q4 2014 or early 2015
- Following completion of the Russell acquisition, approx. one-third of LSEG revenues will come from North America

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Unless otherwise stated, all figures refer to the six months ended 30 September 2014 and comparative figures are for the six months ended 30 September 2013.

[1] Adjusted earnings per share and adjusted operating profit are stated before amortisation of purchased intangibles, non-recurring items and unrealised net investment gains/losses at LCH.Clearnet Group.
[2] prior year dividend per share figure rebased to reflect the rights issue in September 2014.

CHAIRMAN'S STATEMENT

"Strong financial performance with a 15 per cent increase in revenues on an organic basis and growth across all of the Group's business areas."

Overview

The Group has delivered a strong set of Interim results, with growth across each business area. This good performance reflects the success of our strategy to broaden and diversify the scale and scope of our activities. Today, London Stock Exchange Group is a leading diversified financial markets infrastructure and capital markets provider with an increasing international footprint, developing highly valuable and well positioned businesses.

We remain focused on developing opportunities to grow, both organically and through selected transactions. In June, we announced the proposed acquisition of Frank Russell Company, which is a clear strategic fit for the Group and represents a rare opportunity to acquire a high quality US business with a leading global brand. Russell's index business is the No.1 provider of benchmarks to US-focused equity funds and also provides customised and highly innovative index solutions for clients. Like FTSE, the Russell index business has demonstrated good growth and is strongly positioned to capitalise further on key industry trends such as strong growth in passive investment strategies and related products such as ETFs. The combination with FTSE, and the resulting synergies, will provide a firm platform for attractive financial returns.

A rights issue to partially fund the purchase of Russell was successfully completed in September. We recently received clearance from the UK CMA, and we are on track to complete the acquisition before the end of 2014. We are also making good progress on the comprehensive review of the investment management business to determine its positioning and fit with the Group, as well as plans for integration of the Index business with FTSE following completion.

We are also committed to developing further operational efficiencies across the Group, particularly at LCH.Clearnet where we are on course to deliver the increased cost savings announced in May 2014.

We highlight the major factors determining Group performance in this six month period in the commentary below.

Operational Performance

Revenue for Capital Markets, which includes primary and secondary market activities, increased 13 per cent to £164.6 million. In primary markets, revenue rose 21 per cent, reflecting a buoyant period for IPOs, particularly in the first quarter of the financial year. There was strong growth in both the number of new issues on the Group's markets, up from 79 to 126, and the total amount of money raised, which increased 83 per cent to £27.5 billion.

In secondary markets, revenue from UK cash equities trading increased 4 per cent, driven by 38 per cent growth in value traded on Turquoise, while in Italy revenue increased 15 per cent at constant currency as the number of trades rose by 17 percent. Revenue from the Group's derivatives markets was broadly flat, with growth in Italy offset by declines in the UK.

The fixed income business performed well, recording revenue growth of 27 per cent. Contributing to this growth were a 4 per cent increase in trading volumes on the MTS repo markets and a 39 per cent rise in volumes on MTS cash markets and BondVision (the dealer to client electronic bond platform).

Revenue for Post Trade Services in Italy, comprising CC&G and Monte Titoli, increased 6 per cent at constant currency, and flat at a reported level. Clearing revenues rose 2 per cent at constant currency, with a 15 per cent increase in clearing volumes, which reflects a reduction in non-cash collateral and consequent decline in associated fee income. Settlement revenue rose 13 per cent (19 per cent at constant currency) as total settlement instructions increased by a similar level, while custody revenues increased 4 per cent at constant currency (down 2 per cent on reported basis) as assets under custody grew 3 per cent to €3.4 trillion. Treasury income decreased, as expected, reducing 45 per cent to £15.5 million, as a result of the move started a year ago to secured investments for cash margin, with a consequent reduction in yields. Returns on cash margin investments are likely to reduce further due to the low yield environment in eurozone government bonds and the increasingly short duration of cash margin investments.

The Post Trade Services - LCH.Clearnet segment comprises the Group's majority-owned global clearing business. Revenue increased 49 per cent (up 30 per cent on an organic and constant currency basis), reflecting growth in both OTC and listed products clearing. Adjusting for the extra one month contribution compared with the prior year period, OTC revenue rose 26 per cent. Interest rate swap (IRS) notional cleared increased 41 per cent, while the notional outstanding reduced by 5 per cent as a result of further use of compression following the introduction of new services during the period. Compression is highly beneficial to clients, providing capital savings through the reduction of outstanding positions and open interest. In the first nine months of 2014, SwapClear has cleared $506 trillion and compressed $225 trillion through proprietary and third party compression services.

Listed products clearing revenues increased 31 per cent (up 14 per cent on an organic and constant currency basis), with growth in all areas other than derivatives. Commodities clearing revenues nearly doubled year on year, but from the end of September this service has ceased following the expected end to the LME clearing contract. Fixed income revenues grew well, reflecting the change in tariff structure from the start of the year. Net treasury income increased 6 per cent. However, going forward it is expected to decline given the current low investment yield environment and as the average cash collateral levels reduce following the move of LME clearing.

Information Services revenue increased 8 per cent to £181.0 million (up 9 per cent on a constant currency basis). Growth principally reflects the good performance of FTSE, with revenue up 10 per cent (12 per cent at constant currency) to £92.7 million. ETF AUM benchmarked to FTSE grew 23 per cent to $216 billion.

Revenue from real time data declined 4 per cent, mainly reflecting a 3 per cent reduction in the number of professional users of real time UK data in the period. In contrast, revenue from other information services increased 15 per cent, with growth across a number of products including UnaVista.

Technology Services revenue increased 5 per cent to £30.8 million, up 10 per cent on an organic constant currency basis. MillenniumIT revenue rose 9 per cent at constant currency, though in reported terms were 2 per cent lower year on year. Revenue from other technology services increased 10 per cent, with growth from a number of IT products, including new wireless connectivity.

Financial Summary

Unless otherwise stated, all figures below refer to the six months ended 30 September 2014. Comparative figures are for the six months ended 30 September 2013 (H1 FY 2014). Variance is also provided at organic and constant currency. The basis of preparation is set out at the end of this report.

	Six months ended 30 September			Organic and constant currency
	2014 £m	**2013 £m**	**Variance %**	**variance[1] %**
Revenue				
Capital Markets	**164.6**	145.2	13%	12%
Post Trade Services - CC&G and Monte Titoli	**48.0**	48.1	(0%)	6%
Post Trade Services - LCH.Clearnet [2]	**165.7**	111.2	49%	30%
Information Services	**181.0**	168.3	8%	9%
Technology Services	**30.8**	29.4	5%	10%
Other revenue	**2.5**	2.0	25%	25%
Total revenue	**592.6**	504.2	18%	15%
Net treasury income through CCP business:				
CC&G	**15.5**	28.1	(45%)	(42%)
LCH.Clearnet[2]	**32.3**	30.5	6%	(9%)
Other income	**2.1**	4.3	(51%)	(51%)
LCH.Clearnet unrealised gain/ (loss)	**0.4**	(2.0)		
Total income	**642.9**	565.1	14%	11%
Adjusted total income excluding unrealised gain / (loss)	**642.5**	567.1	13%	10%
Operating expenses	**(356.4)**	(337.2)	6%	2%
Adjusted operating profit[3]	**286.1**	229.9	24%	21%
Amortisation of purchased intangibles and non-recurring items	**(114.2)**	(76.9)	49%	47%
Operating profit	**172.3**	151.0	14%	10%
Basic earnings per share (p)	**26.6**	27.7	(4%)	
Adjusted basic earnings per share (p)[3]	**58.7**	48.2	22%	
Dividend (p)[4]	**9.7**	9.3	4%	

[1]Exchange rates for the relevant period are detailed at the end of this section

Adjustments to calculate organic growth:

1) Removal of EuroTLX and Bonds.com revenue (Capital Markets – Fixed Income)
2) LCH.Clearnet pro forma 2013 for six months
3) MTS Indices remove from Capital Markets Fixed Income revenue and include in Information Services FTSE revenue

[2]LCH.Clearnet represents five months ended 30 September 2013

[3]Before amortisation of purchased intangibles, non-recurring items and unrealised net investment gains/losses at LCH.Clearnet

[4]FY 2014 adjusted for rights issue

The Group has restated its opening prior year balance sheet and prior year results in relation to accounting entries to revise deferred tax liabilities on previous acquisitions. These changes do not impact adjusted operating profit or adjusted EPS. Further details are provided in Note 2 to the accounts later in this report.

The Group has delivered good financial results. Revenue increased 18 per cent to £592.6 million (H1 FY 2014: £504.2 million) and up 15 per cent on an organic and constant currency basis. Total income (excluding unrealised gains/losses at LCH.Clearnet) rose 13 per cent to £642.5 million (H1 FY 2014: £567.1 million), and up 10 per cent on an organic and constant currency basis. The revenue performance was driven in part by favourable conditions in capital markets, with consequential benefits in our Post Trade businesses, together with further good progress in Information Services. This helped offset expected pressure on net treasury income, particularly in Italy, with the move to investment of cash margins to secured investments.

Operating expenses, before amortisation of purchased intangibles and non-recurring items, rose 6 per cent to £356.4 million (H1 FY 2014: £337.2 million), up 2 per cent on an organic and constant currency basis, which reflects both good cost control and strong operating leverage. The principal drivers of change are inclusion of £20 million additional costs at LCH.Clearnet as a result of the change to revenue share arrangement for OTC clearing, together with higher costs from small acquisitions (EuroTLX and Bonds.com), and an increase in cost of sales associated with growth at FTSE and Turquoise. Offsetting these expenses were £18 million savings at LCH.Clearnet from the planned cost reduction programme, plus control of other expenditure.

Adjusted operating profit for the period, before amortisation of purchased intangibles, non-recurring items and unrealised net investment gains / losses, increased 24 per cent to £286.1 million (H1 FY 2014: £229.9 million).

Net finance costs were little changed at £35.5 million (up from £35.0 million in H1 last year). The underlying effective Group tax rate was 26.3 per cent, lower than the rate for the year ended 31 March 2014 (28.2 per cent).

Adjusted basic EPS, before amortisation of purchased intangibles and non-recurring items, increased 22 per cent to 58.7 pence (H1 FY 2014: 48.2 pence) while basic EPS was 26.6 pence (H1 FY 2014: 27.7 pence).

Net cash inflow from operating activities was £219.2 million (H1 FY 2014: £156.4 million), reflecting improved profitability and good working capital management. Capital expenditure in the period amounted to £40.2 million (H1 FY 2014: £35.3 million). Looking ahead, we expect run rate full year capex to be at least the same level as last year, at £90 million, as we continue to invest in new products, operational efficiency and further integration work related to recent acquisitions. Net cash generated after capex, other investments and dividends, and excluding the temporary use of rights issue cash, was £112.9 million (H1 FY 2014: £64.7 million). Free cash flow per share (post net interest paid, tax paid and investment activities) was 62.4 pence (H1 FY 2014: 44.3 pence).

In June 2014, the Group signed a new £600 million unsecured, syndicated revolving facility package to ensure it had sufficient committed credit lines to fund the debt component of the Russell acquisition, expected to complete by the end of 2014, and provide comfortable medium term headroom. Committed, undrawn credit lines available for Group purposes at 30 September 2014 totalled £1.3 billion, extending out to 2016 or beyond.

At 30 September 2014, adjusted net debt was £32.2 million (after setting aside £200 million of cash for regulatory and operational support purposes for the core LSEG businesses, and assuming no surplus cash at LCH.Clearnet) while drawn borrowings of £937.2 million were £286.5 million lower than at the start of the current financial year. This material reduction in net debt in the period reflects the use of rights issue funds, raised in September as part funding of the planned acquisition of Frank Russell, to temporarily pay down current borrowings and boost cash and cash equivalents. At 30 September 2014, setting aside the effect of the rights issue, pro forma net debt: EBITDA reduced to 1.6 times (from 1.9 times at 31 March 2014).

The Group had net assets of £2,930.6 million at 30 September 2014 (31 March 2014: £2,003.0 million), including £1,711.6 million in cash and cash equivalents of which £933.6 million reflects the received proceeds of the rights issue in September 2014. The central counterparty clearing business assets and liabilities within both CC&G and LCH.Clearnet are shown gross on the balance sheet as the amounts receivable and payable, which largely offset each other, are unable to be netted under accounting treatments.

Interim Dividend

The Directors have declared an interim dividend of 9.7 pence per share, an increase of 4.3 per cent on the interim dividend paid last year, adjusted for the Rights Issue in September. The interim dividend will be paid on 6 January 2015 to shareholders on the register on 5 December 2014. The Group will next report results for the nine months ending 31 December 2014, expected to be in early March, and at that time will propose a dividend for the stub period before moving to a dividend payment schedule aligned to future reporting of full financial years ending in December.

Outlook

The Group has performed well in the past six months, delivering a strong set of results. We are a leading diversified financial markets infrastructure and capital markets provider with increasingly diversified and well positioned businesses. While conditions in capital markets have been more volatile since the half year end, which have contributed to a slowed rate of IPOs compared to H1, there remains a good pipeline of companies looking to join both our AIM and main markets. We remain focused on completing the acquisition of Russell and planning for its integration with FTSE to capture various growth opportunities and significant synergies. We will also invest to further strengthen our business as well as continuing the cost saving programme at LCH.Clearnet. Looking ahead, we are well placed to develop further across a wide range of businesses and markets, including in the United States.

Chris Gibson-Smith
Chairman
13 November 2014

OPERATING PERFORMANCE – KEY STATISTICS

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

CAPITAL MARKETS

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

	Six months ended 30 September			Organic and constant currency variance[1]
	2014	**2013**	**Variance**	
Revenue	**£m**	**£m**	**%**	**%**
Primary Markets				
Annual fees	**22.3**	20.3	10%	12%
Admission fees	**23.1**	17.1	35%	36%
	45.4	37.4	21%	23%
Secondary Markets				
Cash equities UK & Turquoise	**48.3**	46.4	4%	4%
Cash equities Italy	**18.7**	17.2	9%	15%
Derivatives	**9.5**	9.7	(2%)	3%
Fixed income	**38.1**	30.0	27%	11%
	114.6	103.3	11%	8%
Other	**4.6**	4.5	2%	5%
Total revenue	**164.6**	145.2	13%	12%

[1] Removal of EuroTLX and Bonds.com revenue (Capital Markets – Fixed Income) and MTS Indices removed from Capital Markets Fixed Income revenue and included in Information Services FTSE revenue

Capital Markets - Primary Markets

	Six months ended 30 September 2014	2013	Variance %
New Issues			
UK Main Market, PSM & SFM	**47**	21	124%
UK AIM	**62**	52	19%
Borsa Italiana	**17**	6	183%
Total	**126**	79	59%
Company Numbers (as at period end)			
UK Main Market, PSM & SFM	**1,377**	1,363	1%
UK AIM	**1,099**	1,090	1%
Borsa Italiana	**303**	283	7%
Total	**2,779**	2,736	2%
Market Capitalisation (as at period end)			
UK Main Market (£bn)	**2,221**	2,192	1%
UK AIM (£bn)	**75**	69	9%
Borsa Italiana (€bn)	**496**	399	24%
Borsa Italiana (£bn)	**386**	333	16%
Total (£bn)	**2,682**	2,594	3%
Money Raised (£bn)			
UK New	**9.7**	3.7	162%
UK Further	**8.6**	10.3	(17%)
Borsa Italiana new and further	**9.2**	1.0	820%
Total (£bn)	**27.5**	15.0	83%

Capital Markets - Secondary Markets

	Six months ended 30 September 2014	2013	Variance %
Equity			
Totals for period			
UK value traded (£bn)	**529**	528	0%
Borsa Italiana (no of trades m)	**31.3**	26.8	17%
Turquoise value traded (€bn)	**469.8**	340.1	38%
SETS Yield (basis points)	**0.65**	0.66	(2%)
Average daily			
UK value traded (£bn)	**4.1**	4.2	(2%)
Borsa Italiana (no of trades '000)	**246**	209	18%
Turquoise value traded (€bn)	**3.64**	2.62	39%
Derivatives (contracts m)			
LSE Derivatives	**4.7**	8.8	(47%)
IDEM	**17.7**	15.6	13%
Total	**22.4**	24.4	(8%)
Fixed Income			
MTS cash and BondVision (€bn)	**2,096**	1,509	39%
MTS money markets (€bn term adjusted)	**37,740**	36,438	4%

POST TRADE SERVICES

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

	Six months ended 30 September			Constant currency
	2014	2013	Variance	variance
	£m	£m	%	%
Revenue				
Clearing	**18.4**	19.1	(4%)	2%
Settlement	**8.8**	7.8	13%	19%
Custody & other	**20.8**	21.2	(2%)	4%
Total revenue	**48.0**	48.1	(0%)	6%
Net treasury income	**15.5**	28.1	(45%)	(42%)
Total income	**63.5**	76.2	(17%)	(12%)

	Six months ended 30 September		Variance
	2014	2013	%
CC&G Clearing (m)			
Equity clearing (no of trades)	**32.7**	28.2	16%
Derivative clearing (no of contracts)	**17.7**	15.6	13%
Total	**50.4**	43.8	15%
Open interest (contracts as at period end)	**5.1**	5.1	-
Initial margin held (average €bn)	**9.8**	12.0	(18%)
Monte Titoli			
Settlement instructions (trades m)	**32.9**	26.9	22%
Custody assets under management (average €tn)	**3.4**	3.3	3%

LCH.CLEARNET

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

LCH.Clearnet

Revenue	Six months ended 30 September 2014 £m	2013[2] £m	Variance %	Organic and constant currency variance[1] %
OTC				
SwapClear	**54.4**	41.2	32%	17%
ForexClear/ CDSClear	**14.2**	6.7	112%	83%
	68.6	47.9	43%	26%
Non-OTC				
Fixed income	**22.6**	13.8	64%	45%
Commodities	**26.3**	13.5	95%	87%
Listed derivatives	**19.8**	23.6	(16%)	(32%)
Cash equities	**16.7**	14.4	16%	2%
	85.4	65.3	31%	14%
Total Clearing fee revenue	**154.0**	113.2	36%	19%
Other	**11.7**	(2.0)	-	-
Total revenue	**165.7**	111.2	49%	30%
Net treasury income	**32.3**	30.5	6%	(9%)
Unrealised gain/ (loss)	**0.4**	(2.0)	-	-
Total income including unrealised	**198.4**	139.7	42%	23%
Total income excluding unrealised	**198.0**	141.7	40%	21%

[1]represents six months ended 30 September 2013
[2]LCH.Clearnet 2013 represents five months ended 30 September 2013

LCH.Clearnet

	Six months ended 30 September 2014	2013	Variance %
OTC derivatives			
SwapClear			
IRS notional outstanding ($trn)	**399**	421	(5%)
IRS notional cleared ($trn)	**340**	241	41%
SwapClear members	**108**	100	8%
CDSClear			
Open interest (€bn)	**36**	20	77%
Notional cleared (€bn)	**30**	105	(72%)
CDSClear members	**9**	11	(18%)
ForexClear			
Notional value cleared ($bn)	**460**	439	5%
ForexClear members	**20**	15	33%
Non-OTC			
Fixed income - Nominal value (€trn)	**37.6**	36.9	2%
Commodities (lots m)	**86.6**	64.4	34%
Listed derivatives (contracts m)	**83.4**	83.2	0%
Cash equities trades (m)	**209**	178	17%
Average cash collateral (€bn)	**48.7**	40.2	21%

INFORMATION SERVICES

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

	Six months ended 30 September			Variance at
	2014	2013	Variance	constant currency[1]
	£m	£m	%	%
Revenue				
FTSE	**92.7**	83.9	10%	12%
Real time data	**42.6**	44.5	(4%)	(3%)
Other information services	**45.7**	39.9	15%	16%
Total revenue	**181.0**	168.3	8%	9%

[1] MTS Indices removed from Capital Markets Fixed Income revenue and included in Information Services FTSE revenue

	As at 30 September		Variance
	2014	2013	%
Terminals			
UK	**78,000**	80,000	(3%)
Borsa Italiana Professional Terminals	**129,000**	128,000	1%
FTSE ETFs assets under management benchmarked ($bn)	**216**	176	23%

KPIs for Russell Indices and Russell Investments were provided in the Shareholder Circular in August 2014. Since then, Russell Investments released updated AUM as at 30 September 2014 (provided on their website): US$275.1 billion

LSEG and the members of its group accept no responsibility for or liability in respect of information relating to Russell AUM, which has been published by Russell Investments and has not been independently verified by LSEG. No representation or warranty, express or implied, is given by or on behalf of LSEG or its group as to its accuracy or completeness and no reliance should be placed on such information.

TECHNOLOGY SERVICES

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

	Six months ended 30 September			Organic and constant currency
	2014	2013	Variance	variance
	£m	£m	%	%
Revenue				
MillenniumIT	**12.9**	13.1	(2%)	9%
Technology	**17.9**	16.3	10%	10%
Total revenue	**30.8**	29.4	5%	10%

BASIS OF PREPARATION

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

	Closing € : £ rate	Average € : £ rate for the period ended
30 September 2014	€1.29	€1.24
30 September 2013	€1.20	€1.17
31 March 2014	€1.21	€1.19

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September		Year ended 31 March
		2014	**2013**	**2014**
		Unaudited	**Unaudited**	
	Notes	**£m**	**£m**	**£m**
Continuing operations			**Restated**	**Restated**
Revenue		**592.6**	504.2	1,088.3
Net treasury income through CCP business	3	**47.8**	58.6	109.8
Other Income		**2.5**	2.3	11.5
Total Income	3	**642.9**	565.1	1,209.6
Expenses				
Operating expenses before amortisation of purchased intangible assets and non-recurring items	4	**(356.4)**	(337.2)	(698.4)
Operating profit before amortisation of purchased intangible assets and non-recurring items		**286.5**	227.9	511.2
Amortisation of purchased intangible assets	5	**(58.1)**	(57.8)	(116.5)
Non-recurring items	5	**(56.1)**	(19.1)	(41.6)
Operating profit	3	**172.3**	151.0	353.1
Finance income		**2.9**	2.5	5.5
Finance expense		**(38.4)**	(37.5)	(74.3)
Net finance expense	6	**(35.5)**	(35.0)	(68.8)
Profit before taxation		**136.8**	116.0	284.3
Taxation on profit before amortisation of purchased intangible assets and non-recurring items		**(65.8)**	(53.1)	(124.7)
Taxation on amortisation of purchased intangible assets and non-recurring items	5	**20.7**	16.9	38.4
Total taxation	7	**(45.1)**	(36.2)	(86.3)
Profit for the financial period		**91.7**	79.8	198.0
Profit attributable to non-controlling interests		**19.1**	4.9	13.1
Profit attributable to equity holders		**72.6**	74.9	184.9
		91.7	79.8	198.0
Basic earnings per share	8	**26.6p**	27.7p	68.5p
Diluted earnings per share	8	**26.2p**	27.5p	66.7p
Adjusted basic earnings per share	8	**58.7p**	48.2p	107.1p
Adjusted diluted earnings per share	8	**57.7p**	47.7p	104.4p
Dividend per share in respect of the financial period:				
Dividend per share paid during the period	9	**20.7p**	19.8p	29.9p
Dividend per share proposed for the period	9	**9.7p**	10.1p	30.8p

The notes on pages 19 to 37 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	Unaudited	Unaudited	
	£m	£m	£m
		Restated	Restated
Profit for the financial period	**91.7**	79.8	198.0
Other comprehensive income/(loss):			
Items that will not be subsequently reclassified to profit or loss			
Defined benefit pension scheme remeasurement (loss)/gain	**(8.7)**	5.6	(1.3)
	(8.7)	5.6	(1.3)
Items that may be subsequently reclassified to profit or loss			
Cash flow hedge	**46.1**	(0.3)	(0.3)
Net investment hedge	**18.0**	(3.9)	(16.4)
Change in value of available for sale financial assets	**0.5**	1.0	6.1
Exchange loss on translation of foreign operations	**(120.8)**	(25.1)	(44.2)
Tax related to items not recognised in income statement	**(7.3)**	(0.9)	1.5
	(63.5)	(29.2)	(53.3)
Other comprehensive loss net of tax	**(72.2)**	(23.6)	(54.6)
Total comprehensive income for the financial period	**19.5**	56.2	143.4
Attributable to non-controlling interests	**(6.3)**	2.3	5.7
Attributable to equity holders	**25.8**	53.9	137.7
Total comprehensive income for the financial period	**19.5**	56.2	143.4

The notes on pages 19 to 37 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 September 2014 Unaudited £m	30 September 2013 Unaudited £m Restated	31 March 2014 £m Restated	1 April 2013 £m Restated
Assets					
Non-current assets					
Property, plant and equipment		**87.7**	88.9	93.3	80.1
Intangible assets	10	**2,531.6**	2,695.9	2,669.7	2,238.7
Investment in associates		**0.3**	3.7	0.3	0.6
Deferred tax assets		**31.7**	31.1	42.2	19.2
Derivative financial instruments	13	**15.7**	4.3	6.7	4.3
Available for sale investments	13	**4.8**	0.4	4.8	-
Retirement benefit asset	11	**11.7**	9.1	14.5	-
Other non-current assets		**0.2**	51.1	38.0	12.0
		2,683.7	2,884.5	2,869.5	2,354.9
Current assets					
Inventories		**2.0**	3.3	0.5	1.5
Trade and other receivables	12	**253.3**	225.8	250.5	185.7
Derivative financial instruments	13	**7.0**	-	-	-
Other financial assets	13	**-**	111.5	-	-
CCP financial assets		**450,884.1**	534,147.3	470,497.7	137,620.2
CCP cash and cash equivalents (restricted)		**23,923.7**	25,998.9	33,278.5	8,476.2
CCP clearing business assets	13	**474,807.8**	560,146.2	503,776.2	146,096.4
Current tax		**10.2**	15.5	22.3	24.6
Assets held at fair value	13	**16.8**	15.2	18.7	6.1
Cash and cash equivalents	13	**1,711.6**	923.1	919.2	446.2
		476,808.7	561,440.6	504,987.4	146,760.5
Total assets		**479,492.4**	564,325.1	507,856.9	149,115.4
Liabilities					
Current liabilities					
Trade and other payables	15	**397.5**	399.5	401.5	230.0
Derivative financial instruments	13	**1.0**	21.8	3.4	0.1
CCP clearing business liabilities	13	**474,811.4**	560,147.7	503,747.4	146,088.1
Current tax		**27.4**	26.0	14.8	43.2
Borrowings	16	**1.1**	366.3	278.7	0.4
Provisions		**1.2**	2.2	2.8	1.1
		475,239.6	560,963.5	504,448.6	146,362.9
Non-current liabilities					
Borrowings	16	**936.1**	946.2	945.0	796.4
Other non-current payables	15	**-**	2.6	-	3.4
Derivative financial instruments	13	**-**	5.1	4.0	3.5
Deferred tax liabilities		**285.1**	330.1	323.6	267.1
Retirement benefit obligations	11	**38.7**	25.1	36.9	25.6
Other non-current liabilities	13	**50.0**	70.9	79.2	-
Provisions		**12.3**	43.7	16.6	26.2
		1,322.2	1,423.7	1,405.3	1,122.2
Total liabilities		**476,561.8**	562,387.2	505,853.9	147,485.1
Net assets		**2,930.6**	1,937.9	2,003.0	1,630.3
Equity					
Capital and reserves attributable to the Company's equity holders					
Ordinary share capital		**23.9**	18.8	18.8	18.8
Share premium		**957.7**	-	-	-
Retained losses		**(38.9)**	(134.4)	(46.2)	(108.8)
Other reserves		**1,561.1**	1,620.2	1,592.4	1,644.4
Total shareholder funds		**2,503.8**	1,504.6	1,565.0	1,554.4
Non-controlling interests		**426.8**	433.3	438.0	75.9
Total equity		**2,930.6**	1,937.9	2,003.0	1,630.3

The notes on pages 19 to 37 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	Six months ended 30 September 2014 Unaudited £m	Six months ended 30 September 2013 Unaudited £m	Year ended 31 March 2014 £m
Cash flow from operating activities				
Cash generated from operations	18	**302.2**	236.7	515.4
Interest received		**1.9**	3.5	4.6
Interest paid		**(40.6)**	(41.5)	(71.7)
Corporation tax paid		**(42.4)**	(19.1)	(99.8)
Withholding tax paid		**(1.9)**	(23.2)	(23.2)
Net cash inflow from operating activities		**219.2**	156.4	325.3
Cash flow from investing activities				
Purchase of property, plant and equipment		**(11.0)**	(8.9)	(23.6)
Purchase of intangible assets		**(29.2)**	(26.4)	(67.3)
Investment in subsidiaries		**(10.0)**	(376.8)	(376.5)
Investment in associates		**-**	(1.7)	-
Dividends received		**0.2**	0.3	0.3
Net cash inflow from acquisitions		**1.0**	432.0	432.0
Proceeds from sale of investment in associate		**-**	-	7.1
Net cash (outflow)/inflow from investing activities		**(49.0)**	18.5	(28.0)
Cash flow from financing activities				
Capital raise		**955.5**	114.4	114.4
Dividends paid to shareholders		**(56.2)**	(53.5)	(80.8)
Dividends paid to non-controlling interests		**(1.1)**	(1.5)	(2.9)
Cost of capital raise		**-**	(2.7)	(2.7)
Financing cashflow hedge gain		**39.2**	-	-
Proceeds from own shares on exercise of employee share options		**1.9**	1.0	2.3
Purchase of own shares by ESOP Trust		**-**	(28.0)	(28.0)
Repayment of borrowings		**(266.9)**	(84.8)	(91.4)
Proceeds from borrowings		**-**	366.9	283.5
Net cash inflow from financing activities		**672.4**	311.8	194.4
Increase in cash and cash equivalents		**842.6**	486.7	491.7
Cash and cash equivalents at beginning of period		**919.2**	446.2	446.2
Exchange loss on cash and cash equivalents		**(50.2)**	(9.8)	(18.7)
Cash and cash equivalents at end of period		**1,711.6**	923.1	919.2

The notes on pages 19 to 37 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders						
	Ordinary share capital £m	Share premium £m	Retained (loss)/ earnings £m	Other reserves £m	Total attributable to equity holders £m	Non-controll--ing interests £m	Total equity £m
31 March 2013	18.8	-	(126.8)	1,638.5	1,530.5	68.5	1,599.0
Adjustment on prior year (Note 2)	-	-	18.0	5.9	23.9	7.4	31.3
31 March 2013 (restated)	18.8	-	(108.8)	1,644.4	1,554.4	75.9	1,630.3
Profit for the period	-	-	74.9	-	74.9	4.9	79.8
Other comprehensive income/(loss) for the financial period	-	-	3.2	(24.2)	(21.0)	(2.6)	(23.6)
Final dividend relating to the year ended 31 March 2013	-	-	(53.5)	-	(53.5)	-	(53.5)
Employee share scheme expenses	-	-	(18.6)	-	(18.6)	-	(18.6)
Purchase of non-controlling interests	-	-	(31.6)	-	(31.6)	355.1	323.5
30 September 2013 (unaudited and restated)	18.8	-	(134.4)	1,620.2	1,504.6	433.3	1,937.9
Profit for the period	-	-	110.0	-	110.0	8.2	118.2
Other comprehensive income/(loss) for the financial period	-	-	1.6	(27.8)	(26.2)	(4.8)	(31.0)
Interim dividend relating to the year ended 31 March 2014	-	-	(27.3)	-	(27.3)	-	(27.3)
Employee share scheme expenses	-	-	5.6	-	5.6	-	5.6
Dividend payments to non-controlling interests	-	-	-	-	-	(5.4)	(5.4)
Purchase of non-controlling interests	-	-	(1.7)	-	(1.7)	6.7	5.0
31 March 2014 (restated)	18.8	-	(46.2)	1,592.4	1,565.0	438.0	2,003.0
Profit for the period	**-**	**-**	**72.6**	**-**	**72.6**	**19.1**	**91.7**
Other comprehensive loss for the financial period	**-**	**-**	**(15.5)**	**(31.3)**	**(46.8)**	**(25.4)**	**(72.2)**
Issue of shares	**0.1**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Rights issue	**5.0**	**957.7**	**-**	**-**	**962.7**	**-**	**962.7**
Final dividend relating to the year ended 31 March 2014	**-**	**-**	**(56.2)**	**-**	**(56.2)**	**-**	**(56.2)**
Employee share scheme expenses	**-**	**-**	**6.4**	**-**	**6.4**	**-**	**6.4**
Dividend payments to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(4.9)**	**(4.9)**
30 September 2014 (unaudited)	**23.9**	**957.7**	**(38.9)**	**1,561.1**	**2,503.8**	**426.8**	**2,930.6**

The other reserves are set out on page 109 of the Group's Annual Report for the year ended 31 March 2014. The movement in the current period comprises a charge of £95.4m to the foreign exchange reserves and a credit of £64.1m to the hedging reserve, both of which are distributable reserves.

On 22 August 2014, the Group announced a Rights Issue in relation to its proposed acquisition of the Frank Russell Company. The Rights Issue constituted 74,347,813 new ordinary shares of par value $6^{79/86}$ at 1,295p. This generated share premium of £957.7m.

The notes on pages 19 to 37 form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Interim Report for the London Stock Exchange Group plc ('the Group' or 'the Company') for the six months ended 30 September 2014 was approved by the Directors on 13 November 2014.

1. Basis of Preparation and Accounting Policies

These condensed consolidated interim financial statements for the six months ended 30 September 2014 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority with IFRS as adopted by the European Union, and with International Accounting Standard 34 (IAS 34), 'Interim Financial Reporting'.

The accounting policies used are consistent with those set out on pages 110 to 113 of the Group's Annual Report for the year ended 31 March 2014, with the exception of the changes identified below:

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

IFRS 10, 'Consolidated financial statements' and amendments regarding control;
IFRS 11, 'Joint arrangements';
IFRS 12, 'Disclosure of interests in other entities' and amendments;
Amendments to IAS 19, 'Employee Benefits' on Defined Benefit Plans: Employee Contributions;
IAS 27 (Revised 2011), 'Separate financial statements' and amendments;
IAS 28 (Revised 2011), 'Associates and joint ventures';
Amendments to IAS 32, 'Financial instruments: Presentation' on Offsetting Financial Assets and Financial Liabilities;
Amendments to IAS 36, 'Impairment of assets' on recoverable amount disclosures;
Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting;
Annual Improvements 2010-2012 and Annual Improvements 2011-2013; and
IFRIC 21, 'Levies'.

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

The following standards and interpretations were issued by the IASB and IFRIC since the last Annual Report, but have not been adopted either because they were not endorsed by the European Union (EU) at 30 September 2014 or they are not yet mandatory and the Group has not chosen to early adopt. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not expect any of these changes to have a material impact on the results or the net assets of the Group:

International accounting standards and interpretations	Effective date
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
Proposed amendments to IAS 27, 'Separate financial statements' on equity method in separate financial statements	1 January 2016
Proposed amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Associates and joint ventures' on sale and contribution of assets between an investor and its associate or joint venture	1 January 2016
Annual Improvements 2012-2014	1 January 2016
IFRS 14,'Regulatory deferral accounts'	1 January 2016
IFRS 15 'Revenue from contracts with customers'	1 January 2017
IFRS 9 'Financial instruments' on classification and measurement and amendments regarding general hedge accounting	1 January 2018

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

For these condensed consolidated interim financial statements the Group is not adopting the columnar format for its consolidated income statement as stated in the Group basis of preparation and accounting policies in the Group's Annual Report for the year ended 31 March 2014.

The statutory financial statements of London Stock Exchange Group plc for the year ended 31 March 2014, which carried an unqualified audit report, have been delivered to the Registrar of Companies and did not contain a statement under section 498 of the Companies Act 2006.

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

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

2. Prior period adjustment

On business combinations the Group recognises a deferred tax liability against the intangible assets acquired. The deferred tax liability is recognised in respect of the amortisation of the acquired intangibles which have no or partial tax base for the Group. The deferred tax is recognised and released to the income statement over the same period as the amortisation of the acquired intangible assets. The recognition of the deferred tax is an accounting treatment to ensure that the effective tax rate is maintained for the Group and is not impacted by amortisation costs which are not tax deductible. There were no cash or working capital impacts of these movements or to the balance sheet of the parent company.

It was identified that the deferred tax recognised was insufficient. As a consequence the release of the liability to the income statement, which results in a reduction in the Group's income statement tax charge, was understated.

The correction of these entries result in an increase in deferred tax liability, goodwill and a resulting credit to the income statement as the deferred tax liability is unwound over the useful economic lives of the associated purchased intangibles. In addition in circumstances where the underlying assets have been recognised in a currency other than sterling there is an adjustment in relation to the retranslation of these balances.

The effect of these adjustments on the prior year is shown by restating each of the affected financial statement line items as follows:

	Year ended 31 March 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2013 £m
Effect on equity			
Increase in goodwill	4.3	6.3	189.4
Decrease/(increase) in deferred tax creditor	10.5	1.6	(158.1)
Net impact on equity	14.8	7.9	31.3
Effect on the income statement			
Profit for the financial period (as originally stated)	182.7	71.7	
Taxation charge reduction	15.3	8.1	
Profit for the financial period (restated)	198.0	79.8	
Effect on the other comprehensive income			
Other comprehensive loss for the period (as originally stated)	(54.1)	(23.4)	
Exchange loss on translation of foreign operations	(0.5)	(0.2)	
Other comprehensive loss for the period (restated)	(54.6)	(23.6)	
Attributable to:			
Equity holders	(0.5)	(0.2)	
Non-controlling interests	-	-	

	Year ended 31 March 2014	Six months ended 30 September 2013
Effect on earnings per share		
Basic earnings per share (as originally stated)	63.0p	24.9p
Prior period adjustment	5.5p	2.8p
Basic earnings per share (restated)	68.5p	27.7p
Diluted earnings per share (as originally stated)	61.4p	24.6p
Prior period adjustment	5.3p	2.9p
Diluted earnings per share (restated)	66.7p	27.5p

There was no effect on adjusted basic earnings per share or adjusted diluted earnings per share as the deferred tax adjustment is treated as an adjusting item to the operating profit.

3. Segmental Information

Segmental disclosures for the six months ended 30 September 2014 are as follows:

	Capital Markets	Post Trade Services - CC&G and Monte Titoli	Post Trade Services - LCH.Clear--net	Information Services	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	**164.6**	**48.0**	**165.7**	**181.0**	**30.8**	**2.5**	**-**	**592.6**
Inter-segmental revenue	**-**	**0.5**	**-**	**-**	**3.9**	**-**	**(4.4)**	**-**
Revenue	**164.6**	**48.5**	**165.7**	**181.0**	**34.7**	**2.5**	**(4.4)**	**592.6**
Net treasury income through CCP business	**-**	**15.5**	**32.3**	**-**	**-**	**-**	**-**	**47.8**
Other Income	**-**	**-**	**0.4**	**-**	**-**	**2.1**		**2.5**
Total Income	**164.6**	**64.0**	**198.4**	**181.0**	**34.7**	**4.6**	**(4.4)**	**642.9**
Operating profit before amortisation of purchased intangible assets and non-recurring items	**80.7**	**30.8**	**70.5**	**91.0**	**8.6**	**4.9**	**-**	**286.5**
Amortisation of purchased intangible assets								**(58.1)**
Non-recurring items								**(56.1)**
Operating profit								**172.3**
Net finance expense								**(35.5)**
Profit before taxation								**136.8**
Other income statement items								
Depreciation and software amortisation	**(6.1)**	**(2.7)**	**(12.5)**	**(5.2)**	**(1.1)**	**(0.1)**	**0.6**	**(27.1)**

Net treasury income through CCP business of £47.8m comprises gross interest income of £61.6m less gross interest expense of £13.8m. Interest from investment in securities amount to £17.2m.

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

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

The segmental reporting incorporates LCH.Clearnet's results since its acquisition by the Group on 1 May 2013.

Net treasury income through CCP business of £58.6m comprises gross interest income of £72m less gross interest expense of £13.4m. Interest from investment in securities amount to £20.6m.

Segmental disclosures for the year ended 31 March 2014 are as follows:

	Capital Markets	Post Trade Services - CC&G and Monte Titoli	Post Trade Services - LCH.Clear--net	Information Services	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	309.5	98.4	263.0	348.7	64.0	4.7	-	1,088.3
Inter-segmental revenue	-	0.9	-	-	10.9	-	(11.8)	-
Revenue	309.5	99.3	263.0	348.7	74.9	4.7	(11.8)	1,088.3
Net treasury income through CCP business	-	47.6	62.2	-	-	-	-	109.8
Other Income	-	-	(3.5)	-	-	15.0	-	11.5
Total Income	309.5	146.9	321.7	348.7	74.9	19.7	(11.8)	1,209.6
Operating profit before amortisation of purchased intangible assets and non-recurring items	144.7	83.5	81.1	169.7	11.8	8.7	11.7	511.2
Amortisation of purchased intangible assets								(116.5)
Non-recurring items								(41.6)
Operating profit								353.1
Net finance expense								(68.8)
Profit before taxation								284.3
Other income statement items								
Depreciation and software amortisation	(25.3)	(5.5)	(23.0)	(15.6)	(5.3)	(0.2)	12.6	(62.3)

The segmental reporting incorporates LCH.Clearnet's results since its acquisition by the Group on 1 May 2013.

Net treasury income through CCP business of £109.8m comprises gross interest income of £261.1m less gross interest expense of £151.3m. Interest from investment in securities amount to £34.8m.

4. Expenses by nature

Expenses comprise the following:

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£m	£m	£m
Cost of sales	**42.9**	36.6	74.1
Employee costs	**157.3**	140.3	303.9
Depreciation and non-acquisition software amortisation	**27.1**	24.7	62.3
IT costs	**60.4**	55.0	92.0
Other costs	**68.7**	80.6	166.1
Total expenses	**356.4**	337.2	698.4

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

		Six months ended 30 September		Year ended 31 March
		2014	2013	2014
	Notes	£m	£m	£m
			Restated	Restated
Amortisation of purchased intangible assets	10	**58.1**	57.8	116.5
Transaction costs		**53.8**	13.1	14.9
Transaction credit		**(2.4)**	-	-
Restructuring costs		**1.2**	3.4	28.8
Pension curtailment credit		**-**	-	(2.1)
Local non recoverable transaction taxes		**-**	0.7	-
Integration costs		**3.5**	1.9	-
Total affecting operating profit		**114.2**	76.9	158.1
Charge for new transaction related revolving credit facility		**1.8**	-	-
Total affecting profit before tax		**116.0**	76.9	158.1
Tax effect on items affecting profit before tax				
Deferred tax on amortisation of purchased intangible assets		**(16.0)**	(13.9)	(27.1)
Current tax on amortisation of purchased intangible assets		**(1.1)**	(1.1)	(2.2)
Tax effect on other items affecting profit before tax		**(3.6)**	(1.9)	(9.1)
Total tax effect on items affecting profit before tax		**(20.7)**	(16.9)	(38.4)
Total charge to income statement		**95.3**	60.0	119.7

Transaction costs comprise charges incurred for ongoing services for legal and professional fees along with settlement of other costs related to acquisitions.

Transaction credit relates to a reduction in obligations arising from the acquisition of LCH.Clearnet Group.

Integration costs primarily relate to the charges incurred on the addition of LCH.Clearnet Group.

6. Net finance expense

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£m	£m	£m
Finance income			
Bank deposit and other interest income	**0.7**	1.1	5.2
Other finance income	**2.0**	1.1	0.3
Investment Income	**0.2**	0.3	-
	2.9	2.5	5.5
Finance expense			
Interest payable on bank and other borrowings	**(37.0)**	(36.2)	(71.2)
Fair value losses on financial instruments	**(0.7)**	-	-
Other finance expense	**-**	-	(2.3)
Interest on discounted provision for leasehold properties	**(0.5)**	(0.9)	-
Defined benefit pension scheme interest expense	**(0.2)**	(0.4)	(0.8)
	(38.4)	(37.5)	(74.3)
Net finance expense	**(35.5)**	(35.0)	(68.8)

7. Taxation

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£m	£m	£m
Taxation charged to the income statement		Restated	Restated
Current tax:			
UK corporation tax for the period	**34.3**	13.3	43.5
Overseas tax for the period	**31.8**	35.4	77.6
Adjustments in respect of previous years	**(1.9)**	(0.2)	(1.2)
	64.2	48.5	119.9
Deferred tax:			
Deferred tax for the period	**(1.3)**	2.9	(4.7)
Adjustments in respect of previous years	**(1.8)**	(3.0)	(1.8)
Deferred tax rate change adjustment	**-**	1.7	-
Deferred tax liability on amortisation of purchased intangible assets	**(16.0)**	(13.9)	(27.1)
	(19.1)	(12.3)	(33.6)
Taxation charge	**45.1**	36.2	86.3

Taxation on items not credited/(charged) to income statement	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m Restated	Year ended 31 March 2014 £m Restated
Current tax credit:			
Tax allowance on share options/awards in excess of expense recognised	**1.5**	0.2	3.5
Tax on forward contracts	**(9.7)**	-	-
Deferred tax (loss)/credit:			
Tax allowance on defined benefit pension scheme remeasurement (gain)/loss	**2.0**	(1.1)	(1.7)
Tax allowance on share options/awards in excess of expense recognised	**(0.9)**	0.8	1.0
Movement in value of available for sale financial assets	**(0.2)**	(0.3)	(0.7)
Adjustments relating to change in UK tax rate	**-**	(0.5)	(0.6)
	(7.3)	(0.9)	1.5

Factors affecting the tax charge for the period

The income statement tax charge for the period differs from the standard rate of corporation tax in the UK of 21% as explained below:

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m Restated	Year ended 31 March 2014 £m Restated
Profit before taxation	**136.8**	116.0	284.3
Profit multiplied by standard rate of corporation tax in the UK	**28.7**	26.7	65.4
Expenses not deductible	**13.3**	1.2	2.7
Deferred tax in respect of Italian tax rate change	**(3.4)**	-	-
Adjustment arising from change in UK tax rate	**-**	1.7	2.4
Overseas earnings taxed at higher rate	**10.6**	10.4	19.1
Adjustments in respect of previous years	**(3.7)**	(3.2)	(3.0)
Amortisation of purchased intangibles at overseas rates	**(0.4)**	(0.6)	(0.3)
Taxation charge	**45.1**	36.2	86.3

The tax rate applied as at 30 September 2014 is the expected rate for the full financial year.

The standard UK corporation tax rate was 21% (23% for the periods ended 30 September 2013 and 31 March 2014).

8. Earnings per share

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

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
		Restated	Restated
Basic earnings per share	**26.6p**	27.7p	68.5p
Diluted earnings per share	**26.2p**	27.5p	66.7p
Adjusted basic earnings per share	**58.7p**	48.2p	107.1p
Adjusted diluted earnings per share	**57.7p**	47.7p	104.4p

	£m	£m	£m
Profit for the financial period attributable to equity holders	**72.6**	74.9	184.9
Adjustments:			
Amortisation and non-recurring items			
Amortisation of purchased intangible assets	**58.1**	57.8	116.5
Transaction costs	**53.8**	13.1	14.9
Transaction credit	**(2.4)**	-	-
Restructuring costs	**1.2**	3.4	28.8
Pension curtailment costs	**-**	-	(2.1)
Integration costs	**3.5**	1.9	-
Charge for new revolving credit facility	**1.8**	-	-
Other costs	**-**	0.7	-
Other adjusting items:			
Unrealised net investment (gain)/loss	**(0.4)**	2.0	3.5
Tax effect of amortisation and non-recurring items	**(20.7)**	(16.9)	(38.4)
Tax effect of other adjusting items	**(0.1)**	-	(1.2)
Adjusted items, amortisation and taxation attributable to non controlling interests	**(7.3)**	(6.7)	(17.6)
Adjusted profit for the financial period attributable to equity holders	**160.1**	130.2	289.3
Weighted average number of shares - million	**272.9**	270.0	270.1
Effect of dilutive share options and awards - million	**4.4**	2.8	7.0
Diluted weighted average number of shares - million	**277.3**	272.8	277.1

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

9. Dividends

	30 September 2014 £m	30 September 2013 £m	31 March 2014 £m
Final dividend for 2014 paid 19 August 2014: 20.7p per Ordinary share	**56.2**	-	-
Interim dividend for 2014 paid 6 January 2014: 10.1p per Ordinary share	**-**	-	27.3
Final dividend for 2013 paid 19 August 2013: 19.8p per Ordinary share	**-**	53.5	53.5
	56.2	53.5	80.8

The Board has proposed a interim dividend in respect of the period ended 30 September 2014 of 9.7p, amounting to an estimated £33.7m, to be paid on 6 January 2015. This is not reflected in this financial information.

The dividend per share of 9.7p is based on the post rights issue equity holding. On a like for like basis the comparable dividends per share adjusted for the bonus factor on the rights issue would be as follows:

	30 September 2014	30 September 2013	31 March 2014
Dividend per share in respect of the financial period:			
Dividend per share paid during the period	**19.1p**	18.2p	27.5p
Dividend per share proposed for the period	**9.7p**	9.3p	28.4p

10. 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:						
31 March 2013	1,211.9	968.2	237.0	344.6	157.7	2,919.4
Adjustment on prior year (Note 2)	239.6	-	-	-	-	239.6
31 March 2013 (restated)	1,451.5	968.2	237.0	344.6	157.7	3,159.0
Additions	-	-	-	-	18.6	18.6
Acquisition of subsidiaries	165.7	221.2	17.3	95.4	35.4	535.0
Disposals	-	-	-	-	-	-
Foreign exchange	(18.5)	(12.6)	(0.4)	(3.3)	(2.1)	(36.9)
30 September 2013 (restated)	1,598.7	1,176.8	253.9	436.7	209.6	3,675.7
Additions	-	-	-	-	88.2	88.2
Acquisition of subsidiaries	8.8	10.8	0.8	(13.4)	-	7.0
Disposals	-	-	-	-	(30.3)	(30.3)
Foreign exchange	(18.5)	(19.9)	(1.1)	(2.7)	(1.8)	(44.0)
31 March 2014 (restated)	1,589.0	1,167.7	253.6	420.6	265.7	3,696.6
Additions	**9.4**	**(0.2)**	**-**	**-**	**11.7**	**20.9**
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	**0.6**	**0.6**
Disposals	**-**	**-**	**-**	**-**	**(22.6)**	**(22.6)**
Foreign exchange	**(72.4)**	**(47.8)**	**(1.3)**	**(15.4)**	**15.1**	**(121.8)**
30 September 2014	**1,526.0**	**1,119.7**	**252.3**	**405.2**	**270.5**	**3,573.7**
Amortisation and accumulated impairment:						
1 April 2013	445.6	188.2	17.4	107.5	111.4	870.1
Adjustment on prior year (Note 2)	50.2	-	-	-	-	50.2
1 April 2013 (restated)	495.8	188.2	17.4	107.5	111.4	920.3
Amortisation charge for the period	-	30.1	5.4	22.3	10.9	68.7
Disposals	-	-	-	-	-	-
Foreign exchange	(5.5)	(2.1)	(0.1)	(0.8)	(0.7)	(9.2)
30 September 2013 (restated)	490.3	216.2	22.7	129.0	121.6	979.8
Amortisation charge for the period	-	30.9	5.5	22.3	27.4	86.1
Disposals	-	-	-	-	(30.3)	(30.3)
Foreign exchange	(4.0)	(2.3)	(0.2)	(2.0)	(0.2)	(8.7)
31 March 2014 (restated)	486.3	244.8	28.0	149.3	118.5	1,026.9
Amortisation charge for the period	**-**	**30.4**	**5.4**	**22.3**	**15.7**	**73.8**
Disposals	**-**	**-**	**-**	**-**	**(22.5)**	**(22.5)**
Foreign exchange	**(16.2)**	**(19.0)**	**(0.3)**	**(4.9)**	**4.3**	**(36.1)**
30 September 2014	**470.1**	**256.2**	**33.1**	**166.7**	**116.0**	**1,042.1**
Net book values:						
30 September 2014	**1,055.9**	**863.5**	**219.2**	**238.5**	**154.5**	**2,531.6**
31 March 2014 (restated)	1,102.7	922.9	225.6	271.3	147.2	2,669.7
30 September 2013 (restated)	1,108.4	960.6	231.2	307.7	88.0	2,695.9

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

11. Retirement benefit obligations

The Group operates separate defined benefit and defined contribution schemes. The assets of the defined benefit and defined contribution schemes are held separately from those of the Group. The defined benefit assets and liabilities are detailed for the UK schemes. The 'Other plans' referred to below relate to the defined benefit pension scheme operated by LCH Group for the non UK entities (France and Amsterdam), the unfunded severance and leaving indemnity scheme trattamento di fine rapporto (TFR) operated by the Italian Group in accordance with Italian law and the employee benefit and retirement plan operated by MillenniumIT.

	30 September				Year ended 31 March	
	2014	**2014**	**2013**	**2013**	**2014**	**2014**
Defined benefit (obligations)/assets for LSEG and LCH UK pension scheme	**LSEG UK**	**LCH UK**	**LSEG UK**	**LCH UK**	**LSEG UK**	**LCH UK**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Fair value of assets	**289.9**	**181.6**	269.4	165.0	276.7	167.5
Present value of funded obligations	**(316.1)**	**(169.9)**	(286.2)	(148.4)	(300.6)	(153.0)
(Deficit)/surplus	**(26.2)**	**11.7**	(16.8)	16.6	(23.9)	14.5

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

	Six months ended 30 September				Year ended 31 March	
	2014	**2014**	**2013**	**2013**	**2014**	**2014**
	LSEG UK	**LCH UK**	**LSEG UK**	**LCH UK**	**LSEG UK**	**LCH UK**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
At beginning of period	**(23.9)**	**14.5**	(17.7)	9.0	(17.7)	-
Assets acquired in a business combination	**-**	**-**	-	-	-	9.0
Current service cost	**(0.3)**	**0.2**	(0.4)	-	(0.9)	(0.5)
Interest expense/income	**(0.5)**	**0.4**	(0.3)	0.2	(0.7)	0.4
Contributions paid	**3.3**	**-**	3.3	-	3.6	-
Remeasurement (loss)/gain	**(4.8)**	**(3.4)**	(1.7)	5.5	(8.2)	6.6
Foreign exchange	**-**	**-**	-	1.9	-	(1.0)
At end of period	**(26.2)**	**11.7**	(16.8)	16.6	(23.9)	14.5

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

	Six months ended 30 September		Year ended 31 March
	2014	**2013**	**2014**
	£m	**£m**	**£m**
At beginning of period	**(13.0)**	(7.9)	(7.9)
Assets acquired in a business combination	**-**	(7.5)	(7.5)
Current service credit	**-**	(1.5)	0.6
Interest expense	**(0.1)**	(0.1)	(0.5)
Contributions paid	**-**		0.1
Benefits paid	**0.7**	1.4	1.7
Remeasurement (loss)/gain	**(0.5)**	1.8	0.3
Other remeasurement loss through income statement	**(0.2)**	-	-
Exchange differences	**0.6**	(2.0)	0.2
At end of period	**(12.5)**	(15.8)	(13.0)

The gross assets and liabilities of the pension scheme operated by the LCH Group at 30 September 2014 were £182m and (£175m) respectively.

The main actuarial assumptions are set out below:

	Six months ended 30 September 2014		Six months ended 30 September 2013		Year ended 31 March 2014	
	LSEG UK Pension	**LCH UK plans**	**LSEG UK Pension**	**LCH UK plans**	**LSEG UK Pension**	**LCH UK plans**
Inflation rate - RPI	**3.2%**	**3.2%**	3.3%	3.4%	3.4%	3.4%
Inflation rate - CPI	**2.2%**	**2.2%**	2.3%	2.4%	2.4%	2.4%
Rate of increase in salaries	**3.2%**	**n/a**	3.3%	n/a	3.4%	n/a
Rate of increase in pensions in payment	**3.5%**	**2.2%**	3.5%	2.2%	3.6%	2.2%
Discount rate	**4.1%**	**4.1%**	4.6%	4.6%	4.5%	4.5%
Life expectancy from age 60 (Years)						
- Non retired male member	**28.6**	**30.4**	28.0	30.3	28.6	30.4
- Non retired female member	**30.5**	**32.6**	30.8	32.5	30.5	32.6
- Retired male member	**27.1**	**29.3**	26.5	29.2	27.1	29.3
- Retired female member	**29.2**	**31.3**	29.3	31.2	29.2	31.3

The mortality assumptions are based on the standard tables S1NA published by the Institute and Faculty of Actuaries adjusted to take account of projected future improvements in life expectancy from the Self Administered Pension Scheme (SAPS) mortality survey, which was published in 2008. We have used an allowance for CMI 2013 projections and applied a 1.25 per cent/1.00 per cent for male/female long term trend rate in respect of future mortality improvements. In 2013 we used an allowance for the medium cohort effect and applied a one per cent underpin in respect of future mortality improvements.

12. Trade and other receivables

	30 September		31 March
	2014 £m	**2013 £m**	**2014 £m**
Current			
Trade receivables	**125.8**	103.2	133.5
Less: provision for impairment of receivables	**(6.8)**	(5.1)	(5.2)
Trade receivables - net	**119.0**	98.1	128.3
Other receivables	**52.4**	37.6	38.3
Prepayments and accrued income	**81.9**	90.1	83.9
Total trade and other receivables	**253.3**	225.8	250.5

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

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

13. Financial instruments by category

The financial instruments of the Group are categorised as follows:

	30 September 2014 £m	30 September 2013 £m	31 March 2014 £m
Assets as per balance sheet			
Financial assets of the CCP clearing business			
- CCP trading assets	**326,346.9**	5,865.3	337,211.5
- Receivables for repurchase transactions	**100,603.3**	508,879.5	117,702.6
- Other receivables from clearing members	**4,547.3**	4,522.8	4,442.5
- Other financial assets held at fair value	**19,386.6**	14,879.7	11,141.1
- Cash and cash equivalents of clearing members	**23,923.7**	25,998.9	33,278.5
Financial assets of the CCP clearing business	**474,807.8**	560,146.2	503,776.2
Assets held at fair value	**16.8**	15.2	18.7
Total financial assets for CCP clearing	**474,824.6**	560,161.4	503,794.9
Trade and other receivables	**171.4**	135.7	166.6
Cash and cash equivalents	**1,711.6**	923.1	919.2
Available for sale financial assets	**4.8**	0.4	4.8
Forward foreign exchange contracts	**7.0**	-	-
Cross currency interest rate swaps	**15.7**	4.3	6.7
Other financial assets	**-**	111.5	-
Total	**476,735.1**	561,336.4	504,892.2

	30 September 2014 £m	30 September 2013 £m	31 March 2014 £m
Liabilities as per balance sheet			
Financial liabilities of the CCP clearing business			
- CCP trading liabilities	**326,346.9**	5,865.3	337,211.5
- Liabilities under repurchase transactions	**107,614.5**	508,857.8	117,702.6
- Other payables to clearing members	**40,818.7**	45,391.5	48,808.2
- Other financial liabilities held at fair value	**31.3**	33.1	25.1
Financial liabilities of the CCP clearing business	**474,811.4**	560,147.7	503,747.4
Trade and other payables	**397.5**	402.1	401.5
Other non-current liabilities	**50.0**	70.9	79.2
Provisions	**13.5**	45.9	19.4
Borrowings	**937.2**	1,312.5	1,223.7
Interest rate swaps	**1.0**	21.8	3.4
Cross currency interest rate swaps	**-**	5.1	4.0
Total	**476,210.6**	562,006.0	505,478.6

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs, which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. The Group has no financial instruments in this category.

For assets and liabilities classified as level 2, the fair value is calculated using valuation techniques with market observable inputs. Frequently applied techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves and forward rate curves.

The Group's financial assets held at fair value consist largely of securities restricted in use for the operations of the Group's CCPs as managers of their respective clearing and guarantee systems. The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

The nature and composition of the CCP clearing business assets and liabilities is explained in the accounting policies note on pages 112 to 113 of the Group's Annual Report for the year ended 31 March 2014.

As at 30 September 2014, there were no provisions for impairment in relation to any of the CCP financial assets (2013: nil) and none of these assets were past due (2013: nil).

Level 1 CCP trading assets and liabilities were both £5,357.1m (2013: £5,878.4m), level 2 CCP trading assets and liabilities were both £320,989.8m (2013: £376,593.1m).

Level 1 Other financial assets held at fair value were both £13,714.7m (2013: £10,571.2m), level 2 Other financial assets held at fair value were both £5,672m (2013:£3,564m).

Level 1 Financial liabilities held at fair value were £31.3m (2013: £33.1m).

Assets held at fair value are classified as level 1 for the current and prior period and relate to equities and bonds, listed on regulated markets, which have already been withdrawn from the settlement system but has not yet been delivered to intermediaries who have bought them.

Available for sale financial assets are classified as level 2 for the current and prior period and are investments that are not traded, held by the Group.

The cross currency interest rate swaps are classified as level 2 for the current and prior period (amounting to 6 contracts of €50m each) and effectively exchange some of the proceeds of the 2016 and the 2019 £250m bonds from sterling into euros to better match the currency of borrowings to the Group's currency of earnings to reduce exposure to euro denominated net assets and to protect sterling cash flow. These are designated as a hedge of the Group's net investment in the Italian group and qualify for effective hedge accounting as both legs of the swap are at fixed rates and the cash flow components of the swaps exactly match the terms of the underlying bonds. For the period ended 30 September 2014, the Group recognised the £15.8m movement in mark to market value of these derivatives in reserves (2013: £1.3m).

Foreign exchange forward contracts are classified as level 2 for the current and prior period and were arranged during the year to protect the Group against adverse impacts of revaluation of USD denominated exposures. These contracts are to fund USD denominated payables and highly probably forecast transactions. The mark to market adjustments offset the revaluation of the hedged items in the income statement or equity as appropriate.

Interest rate swaps are classified as level 2 for the current and prior period and swap income from fixed rate investments to get variable interest income. This was done in order to more closely match the interest profile of assets and liabilities on the balance sheet.

14. Offsetting financial assets and financial liabilities

The Group reports financial assets and financial liabilities on a net basis on the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

The following table shows the impact of netting arrangements on all financial assets and liabilities that are reported net on the balance sheet as at 30 September 2014.

	Gross amounts	Amount offset	Net amount as reported
30 September 2014	**£m**	**£m**	**£m**
Derivative financial assets	**17,554,839**	**(17,545,150)**	**9,689**
Reverse repurchase agreements	**504,225**	**(193,074)**	**311,151**
Other movements during the year	**30,042**	**(29,885)**	**157**
Total assets	**18,089,106**	**(17,768,109)**	**320,997**
Derivative financial liabilities	**(17,554,839)**	**17,545,150**	**(9,689)**
Reverse repurchase agreements	**(504,225)**	**193,074**	**(311,151)**
Other	**(30,042)**	**29,885**	**(157)**
Total liabilities	**(18,089,106)**	**17,768,109**	**(320,997)**

The impact of netting arrangements on all financial assets and liabilities that were reported net on the balance sheet as at 30 September 2013 is as follows:

30 September 2013	Gross amounts £m	Amount offset £m	Net amount as reported £m
Derivative financial assets	22,781,082	(22,779,935)	1,147
Reverse repurchase agreements	570,612	(211,184)	359,428
Other movements during the year	103,524	(102,454)	1,070
Total assets	23,455,218	(23,093,573)	361,645
Derivative financial liabilities	(22,781,082)	22,779,935	(1,147)
Reverse repurchase agreements	(570,612)	211,184	(359,428)
Other	(103,524)	102,454	(1,070)
Total liabilities	(23,455,218)	23,093,573	(361,645)

The impact of netting arrangements on all financial assets and liabilities that were reported net on the balance sheet for the year ended 31 March 2014 is as follows:

31 March 2014	Gross amounts £m	Amount offset £m	Net amount as reported £m
Derivative financial assets	24,807,530	(24,806,500)	1,030
Reverse repurchase agreements	513,873	(187,152)	326,721
Other movements during the year	88,284	(87,294)	990
Total assets	25,409,687	(25,080,946)	328,741
Derivative financial liabilities	(24,807,530)	24,806,500	(1,030)
Reverse repurchase agreements	(513,873)	187,152	(326,721)
Other	(88,284)	87,294	(990)
Total liabilities	(25,409,687)	25,080,946	(328,741)

All offset amounts are held in the CCP trading assets and CCP trading liabilities within the Group's financial instruments.

As CCPs, the Group's operating companies sit in the middle of members' transactions and hold default funds and margin amounts as a contingency against the default of a member. As such, further amounts are available to offset in the event of a default reducing the asset and liability of £320,996.9m to nil. Default funds for derivatives of £5,131.7m, repos of £1,587.2m and other transactions of £292.3m are held by the Group. In addition, the Group holds margin for derivatives, repos and other transactions, as well as additional variation margin amounts which are not allocated by business line.

15. Trade and other payables

	30 September 2014 £m	30 September 2013 £m	31 March 2014 £m
Trade payables	**21.7**	58.8	43.9
Social security and other taxes	**21.4**	14.5	17.2
Other payables	**97.5**	80.8	110.5
Accruals and deferred income	**256.9**	248.0	229.9
Total trade and other payables	**397.5**	402.1	401.5
Current	**397.5**	399.5	401.5
Non-current	**-**	2.6	-
Total trade and other payables	**397.5**	402.1	401.5

16. Borrowings

	30 September 2014 £m	30 September 2013 £m	31 March 2014 £m
Current			
Bank borrowings	**1.1**	366.3	278.7
	1.1	366.3	278.7
Non-current			
Bonds	**796.6**	796.5	796.6
Preferred securities	**139.5**	149.7	148.4
	936.1	946.2	945.0

The Group has the following unsecured notes and bank facilities:

Type	Expiry Date	Notes/ Facility £m	Drawn value £m	Interest rate %
Drawn value of facilities				
Multi-currency revolving credit facility	Jul 2016	250.0	-	LIBOR + 0.8
Multi-currency revolving credit facility	Jun 2017	600.0	-	LIBOR + 0.6
Multi-currency revolving credit facility	Jul 2018	450.0	-	LIBOR + 0.95
Total Bank facilities		**1,300.0**	**-**	
Notes due July 2016	Jul 2016	250.0	250.8	6.125
Notes due October 2019	Oct 2019	250.0	248.3	9.125
Notes due November 2021	Nov 2021	300.0	297.5	4.750
Total bonds		**800.0**	**796.6**	
Preferred securities	May 2017	155.5	139.5	6.576
Total debt and facilities		**2,255.5**	**936.1**	

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 the Group's operations. As at 30 September 2014, £1.1 million was the aggregate drawing against these facilities.

Cassa di Compensazione e Garanzia S.p.A. (CC&G) has direct intra-day access to refinancing with the Bank of Italy to cover its same day operational liquidity requirements. In addition, CC&G has arranged commercial bank back-up credit lines 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 Banque de France 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 from the Bank of England on the 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.

17. Analysis of net cash/(debt)

	30 September 2014 £m	30 September 2013 £m	31 March 2014 £m
Due within one year			
Cash and cash equivalents	**1,711.6**	923.1	919.2
Bank borrowings	**(1.1)**	(366.3)	(278.7)
Derivative financial assets	**7.0**	-	-
Derivative financial liabilities	**(1.0)**	(21.8)	(3.4)
	1,716.5	535.0	637.1
Due after one year			
Bonds	**(796.6)**	(796.5)	(796.6)
Preferred securities	**(139.5)**	(149.7)	(148.4)
Derivative financial assets	**15.7**	4.3	6.7
Derivative financial liabilities	**-**	(5.1)	(4.0)
Total net cash/(debt)	**796.1**	(412.0)	(305.2)

Reconciliation of net cash flow to movement in net cash/(debt)	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
Increase in cash in the period	**842.6**	486.7	491.7
Bank loan repayments less new drawings	**266.9**	(277.1)	(192.1)
Change in net cash resulting from cash flows	**1,109.5**	209.6	299.6
Foreign exchange movements	**(30.6)**	(6.2)	(11.2)
Movement on derivative financial assets and liabilities	**22.4**	(23.3)	(1.4)
Bond valuation adjustment	**-**	0.1	0.1
Acquired debt	**-**	(242.3)	(242.4)
Net debt at the start of the period	**(305.2)**	(349.9)	(349.9)
Net cash/(debt) at the end of the period	**796.1**	(412.0)	(305.2)

18. Net cash flow generated from operations

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£m	£m	£m
Profit before taxation	**136.8**	116.0	284.3
Depreciation and amortisation	**85.2**	82.5	178.6
Gain on disposal of property, plant and equipment	**-**	0.1	0.2
Profit on disposal/acquisition of shares in subsidiary and joint venture	**-**	-	(6.9)
Net finance expense	**35.5**	35.0	68.8
(Increase)/decrease in inventories	**(1.5)**	(1.9)	0.8
Decrease/ (increase) in trade and other receivables	**34.2**	(11.2)	37.2
Increase/(decrease) in trade and other payables	**(13.5)**	20.1	(118.6)
(Increase)/decrease in CCP financial assets	**(5,622.3)**	32,872.0	92,323.0
Increase/(decrease) in CCP clearing business liabilities	**5,654.8**	(32,861.2)	(92,236.4)
Defined benefit pension obligation - contributions in excess of expenses charged	**(3.8)**	(2.7)	(3.3)
Provisions utilised during the period	**(10.1)**	(2.1)	(9.7)
Decrease/(increase) in assets held at fair value from operating activities	**0.2**	(7.1)	(9.5)
Share scheme expense	**5.7**	8.0	13.4
Foreign exchange losses/(gains) on operating activities	**1.0**	(10.8)	(6.5)
Cash generated from operations	**302.2**	236.7	515.4
Comprising:			
Ongoing operating activities	**335.5**	223.8	548.7
Non-recurring items	**(33.3)**	12.9	(33.3)
	302.2	236.7	515.4

19. Transactions with related parties

The nature and contractual terms of key management compensation and inter-company transactions with subsidiary undertakings during the period are consistent with the disclosures in Note 31 of the Annual Report for the year ended 31 March 2014.

20. Commitments and contingencies

Contracted capital commitments and other contracted commitments not provided for in the Interim Report of the Group were nil.

Principal Risks

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

The Group's principal risks and uncertainties and its internal control policies are consistent with those set out on pages 48 to 53 of its Annual Report for the year ended 31 March 2014. Additional details regarding the Group's ERMF, its components, objectives, risk assessment process and control structure are set out on pages 44 to 47 of its Annual Report for the year ended 31 March 2014.

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

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

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

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

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

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

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

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

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

Proposed acquisition of a majority stake in Frank Russell Company ("Russell")
The Group, following its acquisition of Russell (the "Enlarged Group"), may not realise the expected benefits and synergies which depend largely on the Group's and Russell's management implementing their combined strategy. Difficulties and higher costs may also arise in achieving these expected benefits and synergies and failure to align the Enlarged Group's combined strategy may lead to increased costs without a commensurate increase in revenue.

The acquisition is also subject to a number of conditions which may not be satisfied or waived. The Group is, and the Enlarged Group will be, subject to detailed and comprehensive regulation and legislation in each of the geographical locations in which the Group operates. There can be no assurance that governmental agencies will not seek to impose new or more stringent conditions on the Group in connection with granting regulatory and anti-trust approvals.

The acquisition, and the separation and integration of the Russell businesses following the acquisition, may lead to customer attrition and fall in revenues from Russell's investment management business. Prior to completion, LSEG has limited rights to terminate the acquisition. Any adverse event affecting the value of Russell or the value of the Russell business, may lead to a decline in the value of the business purchased by LSEG prior to completion. Hence, there is the risk the value of Russell may be less than the consideration paid by LSEG; and accordingly, the net assets of the Enlarged Group could be reduced.

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

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

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

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

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

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

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

Going Concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The financial risk management objectives and policies of the Group and the exposure of the Group to market risk, credit risk and liquidity risk are discussed on pages 113 to 117 of the Annual Report for the Group for the year ended 31 March 2014.

Directors

The Directors of London Stock Exchange Group plc during the period ended 30 September 2014 were as follows:

Chris Gibson-Smith	
Xavier Rolet	
Paul Heiden	
Andrea Munari	
Massimo Tononi	
Robert Webb	
David Warren	
Raffaele Jerusalmi	
Stuart Lewis	
Stephen O'Connor	
Jacques Aigrain	
Sherry Coutu	(appointed 17 January 2014)
Baroness Joanna Shields	(appointed 17 January 2014)
Sharon Bowles	(appointed 15 August 2014)
Paulo Scaroni	(resigned 16 July 2014)

Statement of Directors' responsibilities

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

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

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

By order of the Board

Xavier Rolet
Chief Executive

David Warren
Chief Financial Officer

13 November 2014

INDEPENDENT REVIEW REPORT TO LONDON STOCK EXCHANGE GROUP PLC (the ‘Company’)

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim report for the six months ended 30 September 2014, which comprises the Condensed Consolidated Balance Sheet, the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive income, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

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

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
13 November 2014

FINANCIAL CALENDAR

Ex-dividend date for interim dividend	4 December 2014
Interim dividend record date	5 December 2014
Interim dividend payment date	6 January 2015
Financial year end	31 December 2014
Preliminary results	March 2015
Annual General Meeting	April 2015

The financial calendar is updated on a regular basis throughout the year.
Please refer to our website www.londonstockexchangegroup.com and click on the shareholder services section for up-to-date details.

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Visit the investor relations section of our website for up-to-date information including the latest share price, announcements, financial reports and details of analysts and consensus forecasts
www.lseg.com/investor-relations/investor-relations.htm

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