18 May 2012

LONDON STOCK EXCHANGE GROUP PLC

ANNOUNCEMENT OF PRELIMINARY RESULTS OF LONDON STOCK EXCHANGE GROUP PLC FOR THE YEAR ENDED 31 MARCH 2012

- Excellent progress in delivering growth and diversification strategy

- Scale, scope and reach of Group transformed through organic growth and acquisitions

- Strong financial performance, growth achieved across all business segments in a highly competitive environment

- Total income up 21 per cent at £814.8 million (2011: 674.9 million); revenue up 10 per cent at £679.8 million (2011: £615.9 million)

- Operating profit up 27 per cent at £358.5 million (2011: £283.0 million); adjusted operating profit[1] up 30 per cent at £441.9 million (2011: £341.1 million)

- Profit before tax up 169 per cent at £639.7 million which includes recognition of the value of our existing interest in FTSE (2011: £238.2 million); adjusted profit before tax[1] up 35 per cent at £400.6 million (2011: £296.3 million)

- Basic EPS up 243 per cent at 193.6 pence (2011: 56.4 pence); adjusted EPS[1] up 36 per cent at 100.6 pence (2011: 73.7 pence)

- Proposed final dividend up 6 per cent to 19.0 pence per share; total dividend for the year increased 6 per cent to 28.3 pence per share

Chris Gibson-Smith, Chairman, London Stock Exchange Group, said:

“This has been a very significant year for our business. The successful execution of our strategy has produced tangible operational and financial benefits and we have delivered growth, diversification and performance.

“Looking ahead, we are excited by the opportunities for the business. In particular our full ownership of FTSE and our shareholder approved transaction with LCH.Clearnet will continue to transform our organisation. We are well placed and remain firmly focused in our pursuit of driving long-term shareholder value.”

Commenting on the year, Xavier Rolet, Chief Executive, London Stock Exchange Group said:

“We have delivered a 27 per cent growth in operating profit and a 169 per cent uplift in profit before tax, seen strong performances across all four business divisions and made significant progress on our diversification strategy. We have made great progress this year.

"Building long-term partnerships with our customers, successfully integrating new acquisitions and delivering on our stated cost and revenue synergies will continue to be the key areas of focus for us. Our dynamic, highly competitive landscape presents good opportunities for growth particularly in the areas of risk management and intellectual property. We will continue to innovate across our markets, products and services and we expect to make further good strategic progress."

[1] before acquisition amortisation and non-recurring items

SUMMARY FINANCIAL RESULTS

	Year ended 31 March			Organic and constant currency
	2012	**2011**	**Variance**	**variance**
	£m	**£m**	**%**	**%**
Revenue				
Capital Markets	**301.9**	291.5	4%	3%
Post Trade Services	**101.6**	99.3	2%	10%
Information Services	**218.9**	171.8	27%	5%
Technology Services	**52.6**	48.6	8%	9%
Other revenue	**4.8**	4.7	2%	2%
Total revenue	**679.8**	615.9	10%	5%
Net treasury income through CCP business	**126.9**	51.3	147%	145%
Other income	**8.1**	7.7	5%	5%
Total income	**814.8**	674.9	21%	16%
Operating expenses	**(378.8)**	(336.9)	12%	7%
Share of profit of JVs and associates	**5.9**	3.1	90%	
Acquisition amortisation and non-recurring items	**(83.4)**	(58.1)	44%	
Operating profit	**358.5**	283.0	27%	22%
Adjusted operating profit*	**441.9**	341.1	30%	25%
Profit on disposal / acquisition of shares in subsidiary and joint ventures	**324.3**			
Basic earnings per share (p)	**193.6**	56.4	243%	
Adjusted basic earnings per share (p)*	**100.6**	73.7	36%	

**before amortisation of purchased intangibles and non-recurring items*

Organic growth is calculated in respect of business owned for at least 12 months and so excludes Servizio Titoli and TRS and presents FTSE on a like-for- like basis with prior year

Unless otherwise stated, all figures refer to the year ended 31 March 2012

Financial Headlines:

- Strong growth in total income up 21 per cent at £814.8 million (2011: £674.9 million); revenue up 10 per cent at £679.8 million (2011: £615.9 million); total income and revenue up 16 per cent and 5 per cent respectively on an organic, constant currency basis

- Statutory operating profit increased 27 per cent at £358.5 million (2011: £283.0 million); adjusted operating profit[1] increased 30 per cent at £441.9 million (2011: £341.1 million)

- Profit before tax increased 169 per cent to £639.7m (2011: £238.2m), including a £324.3m gain reflecting the value of the 50 per cent of FTSE already owned by the Group not previously reflected in our accounts; adjusted profit before tax[1] rose 35 per cent to £400.6 million (2011: £296.3 million)

- Adjusted basic earnings per share[1] up 36 per cent to 100.6 pence (2011: 73.7 pence); basic earnings per share up 243 per cent to 193.6 pence (2011: 56.4 pence)

- Operating expenses on an organic, constant currency basis[2] increased by 5 per cent, reflecting higher variable staff compensation costs as a result of the Group's strong financial and share price performance; otherwise, underlying costs remain broadly flat

- Net cash flow from operations increased strongly, up 21 per cent to £462.4 million (2011: £381.8 million) with free cash flow per share of 103.5 pence (2011: 80.4 pence); pro forma gearing[3] of 1.4x operating net debt: adjusted EBITDA (2011: 1.0x)

- Proposed final dividend up 6 per cent to 19.0 pence per share; total dividend for the year increased 6 per cent to 28.3 pence per share. The final dividend will be paid on 20 August 2012 to shareholders on the register on 27 July 2012

[1] before acquisition amortisation and non-recurring items
[2] before acquisitions and disposals, and adjustment for estimated inflation
[3] As if the Group owned 100 per cent of FTSE for the entire year ended 31 March 2012

Strategic and Operational Highlights:

- Acquisition completed of the remaining 50 per cent of FTSE - full ownership of a highly valuable, leading global index business provides excellent growth opportunities across the Group

- Shareholder approval received for acquisition of 60 per cent majority stake in LCH.Clearnet – will secure a leading role in global market infrastructure for the Group, in partnership with customers; antitrust process is underway with OFT in the UK and with Spanish and Portuguese authorities

- The Group's primary markets remain attractive to issuers, with 159 new companies joining our markets during the year, including 40 international issuers

- MOT introduced an innovative bond distribution model, the first offering of "BTP Italia" raising €7.3 billion; in addition, 500 new bonds were listed on MOT (up 120 per cent on prior year) with a nominal value of €719 billion; the UK electronic retail bond market, ORB, has now assisted companies in raising over £1.5 billion in two years since launch

- Demand for UnaVista Confirmation and Swaps Portals remains strong; the FSA Transaction Reporting Service acquired during the year further strengthens the offering and broadens the customer base

- The high performance MillenniumIT trading system has exceeded expectations since implementation on LSE and Turquoise; go live on Borsa Italiana MTA cash market is expected in summer 2012

- Developing technology partnerships has been a cornerstone of the Group's strategy and includes ongoing projects with the Delhi Stock Exchange, the Mongolian Stock Exchange, Johannesburg Stock Exchange and Oslo Bors

Outlook

The Group is continuing its transformation, in an industry that is undergoing widespread structural and regulatory change. The current macro economic environment, particularly in Europe, is evolving rapidly and remains uncertain, but the Group's breadth and diversity continues to provide resilience and a strong platform from which to seek opportunities. The business is alert and responsive to the markets in which it operates and remains focused on integrating its new acquisitions, delivering on stated cost and revenue synergies and driving performance. The Group expects to make further good strategic progress in the year ahead.

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Further information

The Group will host a presentation of its Preliminary Results for analysts and shareholders today at 09:30am (BST) at 10 Paternoster Square, London EC4M 7LS. The presentation will be accessible via live webcast, which can be viewed at www.londonstockexchange.com. For further information, please call the Group's Investor Relations team on +44 (0) 20 7797 3322.

Chief Executive's Review

Introduction and overview

This has been a notable year for the Group. We have delivered a strong financial performance, made significant progress on our diversification strategy and we begin the year ahead strongly placed to take advantage of the opportunities that our dynamic and evolving landscape continues to present.

Our business now represents a well diversified international portfolio of markets, products and services, spread across both asset class and geography. This breadth of offering gives the Group greater scope to continue to pursue the strategy that we outlined nearly three years ago of 'getting in shape', 'leveraging our assets' and 'developing opportunities'. This strategy is now delivering real results, providing the Group with growth, performance and resilience. We are pleased to report that this strategic focus has delivered a strong financial performance with the Group reporting total income of £814.8 million, a 21 per cent increase on the prior year and adjusted operating profit up by 30 per cent to £441.9 million. We also remain firmly focused on cost discipline and continued to deliver improved operational efficiencies.

Our business is made up of four growth-focused complementary business divisions: Capital Markets; Post Trade Services; Information Services; and Technology Services. All four areas performed well during the year and reported a number of highlights.

Capital Markets

Our fixed income markets grew 10 per cent while our UK and Italian cash equities markets and our derivatives operations were broadly flat in revenue terms. Our primary markets delivered good growth with an increase in total revenues for the year of eight per cent, though adverse market volatility in the second half of the year did impact on issuance levels and secondary market trading.

Small and Medium Sized enterprises (SMEs) are the key to driving economic growth in the UK and across Europe. Throughout the year we have been active proponents of initiatives that look to create a thriving ecosystem for these companies, helping them to become the corporate success stories of tomorrow. Our dedicated equity markets for SMEs continue to develop, providing access to equity investment for a wide range of companies. Our retail bond markets, MOT in Italy, and ORB in the UK, have been the source of a significant number of successful placements. Since it was launched just two years ago, ORB has raised over £1.5 billion, demonstrating the need for such a platform in the UK. BTP Italia, a new Italian government bond dedicated to retail investors, raised €7.3 billion when it launched on MOT in March 2012, reinforced MOT's position as the preferred platform for Italian government bonds, for both private and professional investors. During the year, 500 new bonds were also listed on MOT with a nominal value of €719 billion.

The year also saw the launch of Turquoise Derivatives, which combined the Group's existing derivatives platform, EDX, with the MTF business that we own in conjunction with some of our key customers. Turquoise Derivatives has already firmly established itself as the leading EU marketplace for trading Russian equity and index derivatives and now also offers trading in FTSE 100 Index Futures and Options. This new offering has been greeted with much enthusiasm from customers and we hope in the future to develop a wider range of index products through FTSE that can be traded on Turquoise Derivatives.

The Group celebrated ten years of trading on its International Order Book (IOB) in 2011. It has demonstrated tremendous growth since its inception and is now the world's most liquid market for trading in Global Depositary Receipts (GDRs). It has raised over £40.6 billion in primary and secondary market issues for companies from 48 countries and continues to attract interest from global companies looking to list their GDRs in London.

Post Trade Services

In 2009, we stated our commitment to developing the Group's post trade capabilities, especially in clearing. Since then this business has made increasingly significant contributions to Group income, driven by growth in clearing volumes and increased treasury income from our central counterparty business, CC&G.

This year our Post Trade division delivered organic revenue up 10 per cent reflecting growth across all core areas of this strongly performing business. Including net treasury income, total income grew by well over 50 per cent. Demand for the cash we place on deposit in the Italian inter-bank market remained strong through the year and the spreads achieved remained high. Looking forward, we expect that as market conditions improve and increasing stability returns to the inter-bank market this will result in a more normalised return from our treasury management activities.

On 9 March the Group announced its intention to acquire a majority stake of up to 60 per cent in LCH.Clearnet Group. This transformative deal, which has recently received the overwhelming support of both sets of shareholders, will secure a leading role in global infrastructure for the enlarged Group in partnership with our customers. The transaction pioneers an open-access, horizontal model, working with our customers for the benefit of the market as a whole.

Responding to market demand for trusted, efficient, scaled international infrastructure providers, the transaction further builds upon the Group's existing post trade offering. We are in the process of obtaining the necessary regulatory and antitrust approvals and expect to complete the transaction by the fourth quarter of 2012.

Information Services

In December we were delighted to announce that we had acquired the 50 per cent of FTSE that we did not already own for £450 million. FTSE is a world-leading global index business and for the last five years, it has grown at an impressive CAGR of over 20 per cent, reflecting its justly deserved reputation for innovation and customer focus, as well as its globally recognised international brand and its portfolio of 200,000 indices across 80 countries.

Entirely consistent with our strategy, this acquisition brings to the Group great opportunities for our customers to benefit from complementarity within our combined businesses. FTSE is a strong fit with our listed derivatives operations, it will help with the development of new tradable products, it will enhance our global reach and provide additional exposure and growth opportunities in indices, data and analytics. Importantly it also increases our direct exposure to global buy-side firms.

FTSE is a business with a proven track record, strong management and very good growth characteristics, and we look forward to developing the business further over the coming months.

Elsewhere within Information Services, we also completed the acquisition of TRS, the FSA’s Transaction Reporting Service and clients have now been migrated onto our in-demand UnaVista platform.

UnaVista is a clear success story and has recently signed a number of leading brokerage firms to its Swaps Portal Service. Demand for its products remains strong and its community of global users continues to grow.

Technology Services

MillenniumIT has transformed the technology offering of the Group. Its low-latency, highly scalable trading platform has been in place on the UK cash equities market for a full year and Turquoise for 18 months. This new platform has revolutionised how customers view the Group’s technology offering and we are already well advanced on our plans to migrate Borsa Italiana to the platform later this year.

As well as delivering technology for the Group, MillenniumIT has successfully grown its third-party capital markets customer base around the world. Over the year we announced a number of notable contract wins including the supply of trading systems to the Delhi Stock Exchange. We have also continued to make progress on previously announced wins including to the Mongolian Stock Exchange and Johannesburg Stock Exchange.

Low cost, flexible, resilient technology remains a cornerstone of our operations and we continue to actively invest in our skills, expertise and capabilities in this area, including the further expansion of our technology campus in Colombo, Sri Lanka.

Outlook

We have made significant progress over the last year in delivering on our strategic objectives. The Group is in very good shape and our business is increasingly well balanced and well diversified.

We continue to operate in an environment where new regulation and regulatory change dominate. Fundamental shifts in the way markets are structured and governed creates significant opportunities and challenges for us, and we remain alert and responsive to these changes. We have been encouraged by progress to date, in particular around proposals which will have significant implications for competition, especially in the exchange traded derivatives space. Although the outcome of all this regulatory change is not clear, the Group is committed to active engagement and discussion with policy makers around the world, promoting safe, efficient, competitive, innovative, successful capital markets – those in which all participants can thrive.

Over the coming year we will remain focused on successfully integrating new acquisitions, delivering on the stated cost and revenue synergies. We will continue to partner with our customers to drive innovation and new services and build on the success of our ‘with customer’ models already in place at MTS and Turquoise.

We are continuing our transformation, in an industry that is undergoing widespread structural and regulatory change. The current macro economic environment, particularly in Europe, is evolving rapidly and remains uncertain, but the Group's breadth and diversity continues to provide resilience and a strong platform from which to seek opportunities. As a team, we remain resolutely focused on our strategy, in navigating the complex global macro economic environment and in delivering shareholder value. We are excited about the opportunities available to us and we expect to make further good strategic progress.

Financial Review

The following is a review of the Group's financial performance for the year.

Capital Markets

Revenue	Year ended 31 March 2012 £m	2011 £m	Variance %	Variance at constant currency %
Primary Markets				
Annual fees	**39.5**	37.8	4%	4%
Admission fees	**37.0**	33.0	12%	12%
	76.5	70.8	8%	8%
Secondary Markets				
Cash equities UK & Turquoise	**95.4**	96.4	(1%)	(1%)
Cash equities Italy	**31.4**	30.7	2%	1%
Derivatives	**16.7**	16.8	(1%)	(2%)
Fixed income	**35.7**	32.4	10%	9%
	179.2	176.3	2%	1%
Other	**46.2**	44.4	4%	3%
Total revenue	**301.9**	291.5	4%	3%

The Capital Markets division delivered a good performance against a background of market instability. Growth was mainly driven by good results in Primary Markets and Fixed Income.

Growth in annual fees was underpinned by a 10 per cent increase in market capitalisations on the UK Main Market in the year to November 2010, which formed the basis for charging in the period to 31 March 2012. This was partially offset by a two per cent decrease in the number of companies on the UK Main Market and a five per cent decrease in the number of companies on AIM. In Italy, where fees are set at calendar half years based on the average market capitalisations from the previous six months, rises in market capitalisation in the six months to June 2011 offset the negative impact of subsequent falls. Italian company numbers were broadly flat throughout the period and ended the year at 292.

Total money raised on our markets in the year was £36.0 billion (2011: £40.3 billion). Admissions for our primary markets continued to be affected by economic uncertainty with the number of new issues on the Main Market down 17 per cent to 57 and on AIM down 12 per cent to 89. However, an improving mix of issue size and an increase in the number of further issues on the Main Market resulted in an overall increase in revenues of 12 per cent.

On our cash equities market in the UK, the average daily value traded was stable at £4.7 billion (2011: £4.7 billion). Pricing changes implemented during the year led to a three per cent decline in the average yield on the SETS order book to 0.69 basis points, but helped improve our share of value traded, which was 65.2 per cent in March 2012. In Italy, order book volume increased one per cent to 260,000 per day (2011: 257,000). Revenue from Turquoise equities, our pan-European equities platform, grew 43 per cent in the year as the platform saw market share gains in lit trading of two percentage points to an average of five per cent for the year.

IDEM derivative contract volumes were up one per cent from the prior year. Within Turquoise revenues from Russian derivatives were down as a result of pricing changes and the introduction of a further market maker to promote additional buy-in from key market participants.

In fixed income, MOT volumes grew 41 per cent and there was good growth in admissions following the long term refinancing deployed by the ECB since December 2011. In MTS, good performance of our EuroMTS, French and Bondvision markets more than offset a decline of volumes in the Italian cash market.

Other capital markets revenues of £46.2 million primarily comprise fees for membership of and connectivity to our markets.

Post Trade Services

	Year ended 31 March			Organic and constant currency
	2012	**2011**	**Variance**	**variance**
	£m	**£m**	**%**	**%**
Revenue				
Clearing	**41.1**	35.9	14%	13%
Settlement	**18.9**	18.2	4%	2%
Custody & other	**41.6**	45.2	(8%)	10%
Total revenue	**101.6**	99.3	2%	10%
Net treasury income through CCP business	**126.9**	51.3	147%	145%
Total income	**228.5**	150.6	52%	58%

In Post Trade Services, a significant increase in net treasury income through the CCP business led to a 52 per cent increase in total income to £228.5 million. Total revenue was up 10 per cent on an organic, constant currency basis, which excludes Servizio Titoli as it was disposed of with effect from 1 April 2011.

Clearing volumes in cash equities and derivatives were up marginally. Higher volumes on our MOT and MTS markets led to an increase in revenues from fixed income clearing, which combined with an increase in other clearing fees from guarantee deposit, fails and buy-in commissions resulted in an overall increase in clearing revenues of 14 per cent.

Settlement contract volumes were negatively impacted by increased netting prior to settlement, but this was more than offset by the launch of BTP Italia, the new primary auction structure for government bonds.

Custody and other revenue grew organically by 10 per cent. The average value of assets under management grew two per cent. Revenue also benefited from the full year impact of the new fees schedule introduced for bond issuer clients last year and an increase in the levels of corporate bonds held under custody following action taken by the ECB and Italian government to guarantee corporate bonds in reaction to the monetary crisis.

Net treasury income benefited from continued growth in fixed income volume through the CCP which led to average initial margin held increasing 36 per cent to €9.4 billion (2011: €6.9 billion), in line with growth trends over recent years. The percentage of initial margin held in cash averaged 78 per cent. The volatility in Italian markets and low liquidity in the Italian interbank market combined with the Group's active treasury management elevated the returns made, which also benefited from a period of elevated Eonia/Euribor spread, although this has recently returned to more normal levels. Net treasury income for April 2012 was £8.7 million.

Information Services

	Year ended 31 March			Organic and constant currency
	2012	**2011**	**Variance**	**variance**
	£m	**£m**	**%**	**%**
Revenue				
Real time data	**102.8**	99.8	3%	3%
Other information services	**65.6**	60.7	8%	5%
FTSE royalties	**13.1**	11.3	16%	20%
FTSE revenue	**37.4**	-		
Total revenue	**218.9**	171.8	27%	5%

Real time data fees benefited from a full year contribution from the new billing arrangements introduced last year and increased revenues from non-display trading contracts. These offset a three per cent decrease in professional terminals receiving UK real time data to 90,000, with professional terminals receiving Italian real time data flat at 139,000.

In December 2011, the Group acquired the outstanding 50 per cent of FTSE which it did not already own, from Pearson plc, for total consideration of £450 million (before adjusting for acquired debt). FTSE significantly diversifies the Group's business into indices, data and analytics, as well as into new geographies and different customer bases, creating new growth opportunities for the Group. FTSE's own revenue growth has been strong, up 18 per cent in the year ended 31 March 2012.

Other information services continued to perform well with particular strength in SEDOL, which provides unique identification for a range of global tradable securities, and our post trade data matching service, UnaVista. In August, the Group announced the acquisition of

Transaction Reporting Service (TRS), the FSA's Approved Reporting Mechanism, for consideration of £15 million. TRS clients have subsequently been migrated to the functionally enriched UnaVista platform and can now benefit from a significantly improved product and access to a wide range of value added solutions.

Technology Services

	Year ended 31 March			Variance at constant
	2012	**2011**	**Variance**	**currency**
	£m	**£m**	**%**	**%**
Revenue				
MillenniumIT	**22.2**	18.2	22%	26%
Technology	**30.4**	30.4	0%	0%
Total revenue	**52.6**	48.6	8%	9%

MillenniumIT continued to perform well in the year. As well as developing technology for the Group, MillenniumIT systems went live at the Chittagong Exchange in Bangladesh and Tullett Prebon. Technology was also delivered to the Mongolian Stock Exchange.

The Group's server co-location and hosting services showed good growth in Italy, with customers looking to leverage maximum benefit from the low latency Sola derivatives platform. Our ASP business continued to attract new customers, whilst expanding its offering to existing customers. In the UK, hosting revenues continued to grow in the second full year since launch. This growth was offset by a reduction in revenues from the full year impact of the transfer of our external communications network to a third party, which also removed all associated costs from the Group.

Operating Expenses

Operating expenses before amortisation of purchased intangibles and non-recurring items grew five per cent on an organic and constant currency basis. This increase was mainly driven by a £12.1 million increase in variable staff compensation costs, including share awards, reflecting the improved performance of the Group and accretion in the Group's share price. Acquisitions contributed a seven per cent increase in operating expenses, driven by FTSE, whose costs were consolidated from mid-December 2011.

Non-recurring costs of £28.5 million were mainly professional fees incurred in relation to the FTSE and LCH.Clearnet transactions. The Group also recorded a non-recurring profit on acquisition/disposal of £324.3 million, principally the fair value mark up of our existing interest in FTSE as required on gaining control of the business.

Finance income and expense and taxation

Net finance costs decreased by £2.2 million as a result of charges in the prior year relating to the cancellation of €120 million of interest rate swaps and the refinancing of revolving credit facilities. This outweighed marginally higher interest charges in the current year due to increased levels of debt following the FTSE acquisition in December 2011 and arrangement fees in relation to a new £350 million committed revolving credit facility.

The Group's effective tax rate on profit before amortisation of purchased intangibles and non recurring items was 29.2 per cent (2011: 30.3 per cent). This reflects the reduction in the UK tax rate and the mix of profits, with our Italian business subject to higher tax rates.

Cashflow and Balance Sheet

The Group's business continued to be strongly cash generative during the year, with cash generated from operations up 21 per cent to £462.4 million. Total investment in the year was £488.6 million as the Group spent £496.1 million on the purchase of shares in FTSE, CC&G and TRS and £33.4 million on capital expenditure, partially offset by €32.4 million received from the sale of Servizio Titoli.

At 31 March 2012, the Group had net assets of £1,449.7 million (2011: £1,137.0 million). Intangible assets increased by £723.0 million, mainly reflecting goodwill and purchased intangible assets recognised on the acquisition of FTSE (including the revaluation of our existing interest). The central counterparty clearing business assets and liabilities within CC&G largely offset each other but are shown gross on the balance sheet as the amounts receivable and payable are with different counterparties. Lower derivative and repurchase agreement balances led to lower gross year end positions.

The Group's UK defined benefit pension plan showed a deficit of £9.8 million at 31 March 2012 (2011: surplus £37.6 million). The actuarial loss recognised in the year includes £33.1 million in relation to the buy-in of the existing pensioner liabilities in April 2011, being the excess of the premium paid over the related liabilities transferred. The contract for the buy-in includes an obligation to insure the liabilities of new retirees over the next five years on consistent pricing terms for a premium currently estimated to be £45 million. The plan closed to future accruals with effect from 31 March 2012.

Net debt, facilities and credit rating

At 31 March 2012, the Group had operating net debt of £703.0 million after setting aside £165.0 million to meet regulatory, clearing and commercial requirements. We are currently in discussions with Banca d'Italia about a possible increase in the regulatory capital requirements of CC&G, which would be expected to be met from the year end cash resources. In the year, the Group's gross borrowings increased by £258.0 million, mainly as a result of drawing on existing facilities to fund acquisitions.

In December 2011, the Group secured a new two year £350 million committed revolving credit facility in connection with the acquisition of LCH.Clearnet which expires if the acquisition does not complete. The facility may be extended for one year at the Group's discretion. The Group has committed credit lines totalling £1.4 billion, with £1.1 billion extending to December 2014 or beyond.

The Group's interest cover (the coverage of net finance expense by earnings before interest, taxation, depreciation and amortisation, both before non-recurring items) improved to 11.8 times (2011: 8.7 times). The Group's operating net debt to adjusted

EBITDA was 1.4 times (2011: 1.0 times) on a pro forma basis as if the Group had owned 100 per cent of FTSE for the whole year, down from 1.6 times immediately after the FTSE acquisition. On the same pro forma basis, assuming completion of the acquisition of 60 per cent of LCH.Clearnet Group and using its financial results to 31 December 2011, the enlarged Group operating net debt to adjusted EBITDA would be 2.0 times, down from 2.1 times as announced on 9 March 2012.

The Group's long term credit ratings remain at A- with Standard & Poor's and Baa2 with Moody's. Standard & Poor's has moved the outlook for its rating to Credit Watch Negative and Moody's has retained its negative outlook as a result of the announcement of the proposed acquisition of LCH.Clearnet Group and the consequent likely increase to the Group's leverage. Both agencies are expected to clarify their ratings on completion of the acquisition.

Foreign Exchange

The Group's principal foreign exchange exposure arises as a result of translating the Group's euro earnings, assets and liabilities from our Italian business into sterling. A €5c movement in the average £/€ rate for the year would have changed the Group's operating profit for the year before amortisation of purchased intangibles and non-recurring items by approximately £12 million.

The Group monitors its exposure to the sovereign debt crisis in the Eurozone and the impact of austerity measures being adopted, specifically in respect of our operations in Italy and more generally because of the potential impacts on other areas of our business.

Earnings per share

The Group recorded an adjusted basic earnings per share, which excludes amortisation of purchased intangible assets and non-recurring items, of 100.6 pence, an increase of 36 per cent (2011: 73.7 pence). Reflecting the non-recurring revaluation of our existing interest in FTSE, basic earnings per share increased 243 per cent to 193.6 pence (2011: 56.4 pence).

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2012		2012			2011		
		Before acquisition amortisation and non-recurring items	Acquisition amortisation and non-recurring items	Total	Before acquisition amortisation and non-recurring items	Acquisition amortisation and non-recurring items	Total
Continuing operations	Notes	£m	£m	£m	£m	£m	£m
Revenue	2	**679.8**	**-**	**679.8**	615.9	-	615.9
Net treasury income through CCP business	2	**126.9**	**-**	**126.9**	51.3	-	51.3
Other Income		**8.1**	**-**	**8.1**	7.7	-	7.7
Total Income		**814.8**	**-**	**814.8**	674.9	-	674.9
Expenses							
Operating expenses		**(378.8)**	**(81.0)**	**(459.8)**	(336.9)	(68.1)	(405.0)
Share of profit after tax of joint ventures/associates		**5.9**	**(2.4)**	**3.5**	3.1	10.0	13.1
Operating profit/(loss)		**441.9**	**(83.4)**	**358.5**	341.1	(58.1)	283.0
(Loss)/profit on disposal/acquisition of shares in subsidiary and joint venture		**(0.5)**	**324.3**	**323.8**			
Finance income		**16.8**	**-**	**16.8**	16.1	-	16.1
Finance expense		**(57.6)**	**(1.8)**	**(59.4)**	(60.9)	-	(60.9)
Net finance expense	5	**(40.8)**	**(1.8)**	**(42.6)**	(44.8)	-	(44.8)
Profit/(loss) before taxation		**400.6**	**239.1**	**639.7**	296.3	(58.1)	238.2
Taxation	6	**(116.9)**	**8.6**	**(108.3)**	(89.8)	8.1	(81.7)
Profit/(loss) for the financial year		**283.7**	**247.7**	**531.4**	206.5	(50.0)	156.5
Profit/(loss) attributable to non-controlling interests		**12.4**	**(3.0)**	**9.4**	8.6	(3.7)	4.9
Profit/(loss) attributable to equity holders		**271.3**	**250.7**	**522.0**	197.9	(46.3)	151.6
		283.7	**247.7**	**531.4**	206.5	(50.0)	156.5
Basic earnings per share	**7**			**193.6p**			56.4p
Diluted earnings per share	**7**			**190.9p**			55.9p
Adjusted basic earnings per share	**7**			**100.6p**			73.7p
Adjusted diluted earnings per share	**7**			**99.2p**			72.9p
Dividend per share in respect of the financial period:	**8**						
Dividend per share paid during the year				**27.3p**			24.8p
Dividend per share declared for the year				**28.3p**			26.8p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2012

	Notes	2012 £m	2011 £m
Profit for the financial year		**531.4**	156.5
Other comprehensive income:			
Defined benefit pension scheme actuarial (loss)/gain		**(47.6)**	32.4
Cash flow hedge		**-**	2.8
Net investment hedge		**15.6**	6.5
Exchange loss on translation of foreign operations		**(75.7)**	(13.0)
Tax related to items not recognised in income statement	6	**12.7**	(6.5)
		(95.0)	22.2
Total comprehensive income for the financial year		**436.4**	178.7
Attributable to non-controlling interests		**9.5**	5.9
Attributable to equity holders		**426.9**	172.8
		436.4	178.7

CONSOLIDATED BALANCE SHEET

31 March 2012	Notes	2012 £m	2011 £m
Assets			
Non-current assets			
Property, plant and equipment		**73.3**	62.4
Intangible assets	9	**2,117.4**	1,394.4
Investment in joint ventures		**-**	17.3
Investment in associates		**0.6**	0.6
Investment in subsidiary undertakings		**-**	-
Deferred tax assets		**16.8**	12.2
Derivative financial instruments	10	**5.2**	-
Retirement benefit asset		**-**	37.6
Other non-current assets		**0.7**	0.9
		2,214.0	1,525.4
Current assets			
Inventories		**2.0**	1.4
Trade and other receivables		**178.3**	126.8
Derivative financial instruments	10	**-**	0.7
CCP financial assets		**93,619.6**	110,177.9
CCP cash and cash equivalents (restricted)		**6,137.3**	5,929.3
CCP clearing business assets	10	**99,756.9**	116,107.2
Current tax		**41.8**	21.2
Assets held at fair value	10	**14.6**	8.6
Cash and cash equivalents		**216.0**	267.0
		100,209.6	116,532.9
Assets held for sale		**6.4**	36.9
Total assets		**102,430.0**	118,095.2
Liabilities			
Current liabilities			
Trade and other payables		**233.7**	156.5
Derivative financial instruments	10	**-**	0.3
CCP clearing business liabilities	10	**99,747.2**	116,104.5
Current tax		**72.5**	49.9
Borrowings	11	**10.5**	0.1
Provisions		**2.5**	3.7
		100,066.4	116,315.0
Non-current liabilities			
Borrowings	11	**746.6**	499.0
Other non-current payables		**3.8**	-
Derivative financial instruments		**2.1**	12.9
Deferred tax liabilities		**117.3**	92.3
Retirement benefit obligations		**16.5**	6.4
Provisions		**27.6**	27.8
		913.9	638.4
Liabilities held for sale		**-**	4.8
Total liabilities		**100,980.3**	116,958.2
Net assets		**1,449.7**	1,137.0
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	**18.8**	18.8
Retained (losses)/earnings		**(262.9)**	(662.9)
Other reserves		**1,620.9**	1,681.0
Total shareholder funds		**1,376.8**	1,036.9
Non-controlling interests		**72.9**	100.1
Total equity		**1,449.7**	1,137.0

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2012

	Notes	2012 £m	2011 £m
Cash flow from operating activities			
Cash generated from/(absorbed by) operations	14	**462.4**	381.8
Interest received		**3.5**	1.4
Interest paid		**(44.0)**	(44.9)
Corporation tax paid		**(73.4)**	(54.3)
Group relief received		**-**	-
Withholding tax paid		**(45.5)**	(19.5)
Net cash inflow/(outflow) from operating activities		**303.0**	264.5
Cash flow from investing activities			
Purchase of property, plant and equipment		**(17.1)**	(16.9)
Sale of property, plant and equipment		**-**	0.4
Purchase of intangible assets		**(16.3)**	(26.1)
Proceeds from disposal of joint venture		**1.3**	-
Investment in other acquisition		**(15.0)**	-
Investment in subsidiaries		**(481.1)**	(10.3)
Net cash inflow from acquisitions		**7.6**	4.8
Dividends received		**1.8**	4.3
Proceeds from sale of subsidiary		**28.4**	
Proceeds from investment by non-controlling interest in subsidiary		**4.3**	-
Net cash (outflow)/inflow from investing activities		**(486.1)**	(43.8)
Cash flow from financing activities			
Dividends paid to shareholders		**(73.6)**	(66.6)
Dividends paid to non-controlling interests		**(12.8)**	(6.1)
Repayment of loans to ESOP trust		**-**	-
Loans to subsidiary companies		**-**	-
Proceeds from own shares on exercise of employee share options		**2.3**	3.3
Proceeds from borrowings		**248.5**	-
Repayments from borrowings		**(24.2)**	(104.6)
Net cash inflow/(outflow) from financing activities		**140.2**	(174.0)
(Decrease)/increase in cash and cash equivalents		**(42.9)**	46.7
Cash and cash equivalents at beginning of year		**267.0**	223.1
Exchange losses on cash and cash equivalents		**(8.1)**	(0.9)
Transfer to assets held for sale		**-**	(1.9)
Cash and cash equivalents at end of year		**216.0**	267.0

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders					
Group	Ordinary share capital £m	Retained loss £m	Other reserves £m	Total attributable to equity holders £m	Non-controlling interests £m	Total equity £m
1 April 2010	18.8	(775.7)	1,684.8	927.9	102.9	1,030.8
Total comprehensive income for the financial year	-	176.6	(3.8)	172.8	5.9	178.7
Final dividend relating to the year ended 31 March 2010	-	(42.9)	-	(42.9)	-	(42.9)
Interim dividend relating to the year ended 31 March 2011	-	(23.7)	-	(23.7)	-	(23.7)
Dividend payments to non-controlling interests	-	-	-	-	(7.2)	(7.2)
Employee share scheme expenses	-	8.3	-	8.3	-	8.3
Purchase of non-controlling interest	-	(5.5)	-	(5.5)	(1.5)	(7.0)
31 March 2011	18.8	(662.9)	1,681.0	1,036.9	100.1	1,137.0
Total comprehensive income for the financial year	-	487.0	(60.1)	426.9	9.5	436.4
Final dividend relating to the year ended 31 March 2011	-	(48.5)	-	(48.5)	-	(48.5)
Interim dividend relating to the year ended 31 March 2012	-	(25.1)	-	(25.1)	-	(25.1)
Dividend payments to non-controlling interests	-	-	-	-	(11.3)	(11.3)
Employee share scheme expenses	-	14.1	-	14.1	-	14.1
Purchase of non-controlling interest	-	(27.5)	-	(27.5)	(25.4)	(52.9)
31 March 2012	**18.8**	**(262.9)**	**1,620.9**	**1,376.8**	**72.9**	**1,449.7**

Other reserves comprise the following:

Capital redemption reserve of £514.2m (2011: £514.2m), a non-distributable reserve set up as a result of a court approved capital reduction.
Reverse acquisition reserve of £(512.5)m (2011: £(512.5)m), a non-distributable capital reserve arising on consolidation as a result of the capital reduction scheme.
Foreign exchange translation reserve of £334.1m (2011: £409.8m), reflecting the impact of foreign currency changes on the translation of foreign operations.
Merger reserve of £1,304.3m (2011: £1,304.3m), arising on consolidation when the Company issues shares as part of the consideration to acquire subsidiary undertakings.
Hedging reserve of £(19.2)m (2011: £(34.8)m), representing the cumulative fair value adjustment recognised in respect of net investment and cash flow hedges undertaken in accordance with hedge accounting principles.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

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

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value, including those of the central counterparty (CCP) clearing business of the Group's subsidiary Cassa di Compensazione e Garanzia S.p.A. (CC&G), and on the basis of the Group's accounting policies.

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

Recent accounting developments

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

IAS 24 (revised), 'Related party disclosures' – effective for annual periods beginning on or after 1 January 2011;

IFRIC 14, 'Pre-payments of a Minimum Funding Requirement' - effective for annual periods beginning on or after 1 January 2011;

IFRIC 19, 'Extinguishing financial liabilities with equity instruments' - effective for annual periods beginning on or after 1 July 2010; and

IFRS various Annual improvements 2011.

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

2. Segmental Information

Segmental disclosures for the year ended 31 March 2012 are as follows:

	Capital Markets	Post Trade Services	Information Services	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	**301.9**	**101.6**	**218.9**	**52.6**	**4.8**	**-**	**679.8**
Inter-segmental revenue	**-**		**-**	**12.9**	**-**	**(12.9)**	**-**
Revenue	**301.9**	**101.6**	**218.9**	**65.5**	**4.8**	**(12.9)**	**679.8**
Net treasury income through CCP business	**-**	**126.9**	**-**	**-**	**-**	**-**	**126.9**
Other Income	**-**	**-**	**-**	**-**	**8.1**	**-**	**8.1**
Total income	**301.9**	**228.5**	**218.9**	**65.5**	**12.9**	**(12.9)**	**814.8**
Operating profit before amortisation of purchased intangible assets and non-recurring items	**138.9**	**169.0**	**125.0**	**1.8**	**0.1**	**7.1**	**441.9**
Amortisation of purchased intangible assets							**(54.9)**
Non-recurring items							**(28.5)**
Operating profit							**358.5**
Profit on disposal/acquisition of shares in subsidiary and joint ventures							**323.8**
Net finance expense							**(42.6)**
Profit before taxation							**639.7**
Other income statement items:							
Depreciation and software amortisation	**(24.7)**	**(5.0)**	**(8.7)**	**(1.6)**	**(0.4)**	**-**	**(40.4)**
Share of (loss)/profit after tax of joint ventures/associates	**(1.4)**	**-**	**7.3**	**-**	**-**	**-**	**5.9**

Net treasury income through CCP business of £126.9m comprises gross interest income of £964.2m less gross interest expense of £837.3m. Included within both gross interest income and gross interest expense is £767.3m relating to repo transactions; net of repo transactions gross interest income was £196.9m and gross interest expense was £70.0m.

Comparative segmental disclosures for the year ended 31 March 2011 (restated) are as follows:

	Capital Markets	Post Trade Services	Information Services	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	291.5	99.3	171.8	48.6	4.7	-	615.9
Inter-segmental revenue	-	-	-	33.5	-	(33.5)	-
Revenue	291.5	99.3	171.8	82.1	4.7	(33.5)	615.9
Net treasury income through CCP business	-	51.3	-	-	-	-	51.3
Other Income	-	-	-	-	7.7	-	7.7
Total income	291.5	150.6	171.8	82.1	12.4	(33.5)	674.9
Operating profit before amortisation of purchased intangible assets and non-recurring items	133.4	90.4	111.4	30.0	5.5	(29.6)	341.1
Amortisation of purchased intangible assets							(47.1)
Non-recurring items							(11.0)
Operating profit							283.0
Net finance expense							(44.8)
Profit before taxation							238.2
Other income statement items:							
Depreciation and software amortisation	(33.3)	(5.5)	(8.8)	(1.4)	(0.5)	-	(49.5)
Share of (loss)/profit after tax of joint ventures/associates	(1.9)	-	5.0	-	-	-	3.1

Net treasury income through CCP business of £51.3m comprises gross interest income of £227.3m less gross interest expense of £176.0m. Included within both gross interest income and gross interest expense is £150.4m relating to repo transactions; net of repo transactions gross interest income was £76.9m and gross interest expense was £25.6m.

The segmental reporting has been restated to:

- show the transfer of the Turquoise business from Information Services into the Capital Markets segment. This reflects the current organisation of the chief operating decision maker, which is the Executive Committee;
- reflect a change in the allocation of overheads between the segments to better reflect the management and reporting structures; and
- show the underlying profitability of each segment, including the impact of inter-segmental transactions, being the sales of software from MillenniumIT to other segments, which are eliminated from the Group total.

None of these changes are considered material.

3. Employee costs

Employee costs comprise the following:

	2012	2011
	£m	£m
Salaries and other short term benefits	**115.8**	92.0
Social security costs	**16.6**	15.2
Pension costs	**6.9**	5.2
Share based compensation	**12.1**	5.0
Total	**151.4**	117.4

The number of employees in the Group was:

	2012		2011	
	Average	**Year end**	Average	Year end
UK	**760**	**746**	497	492
Italy	**422**	**416**	455	456
Sri Lanka	**615**	**655**	534	587
Other	**119**	**120**	29	28
	1,916	**1,937**	1,515	1,563

The Company has no employees.

Average is calculated from date of acquisition.

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

	Notes	**2012**	2011
		£m	£m
Amortisation of purchased intangible assets	9	**54.9**	47.1
Transaction costs		**23.4**	15.4
Restructuring costs		**-**	3.5
Property costs		**2.7**	2.1
Revaluation on acquisition within joint ventures		**2.4**	(10.0)
Total affecting operating profit		**83.4**	58.1
Profit on acquisition/disposal of shares in subsidiary		**(324.3)**	-
Charge for new transaction related revolving credit facility		**1.8**	-
Total affecting profit before tax		**(239.1)**	58.1
Tax effect on items affecting profit before tax			
Deferred tax on amortisation of purchased intangible assets		**(5.9)**	(6.4)
Current tax on amortisation of purchased intangible assets		**(0.7)**	-
Tax effect on other items affecting profit before tax		**(2.0)**	(1.7)
Total tax effect on items affecting profit before tax		**(8.6)**	(8.1)
Total (credit)/charge to income statement		**(247.7)**	50.0

Transaction costs principally comprise advisers' costs relating to the acquisition of the remaining 50% of FTSE and costs incurred and committed to date associated with the proposed LCH.Clearnet transaction, which primarily comprise non-contingent advisers' fees. A C$10m break fee received from TMX Inc. offset the costs incurred in the year relating to that proposed transaction. Property costs are an impairment provision relating to a freehold building now held for resale. The revaluation on acquisition within joint venture relates to the acquisition by the Group's FTSE joint venture of the remaining 50 per cent of the FXI Chinese index business. The profit on acquisition/disposal relates to the fair value mark up of our existing interest in FTSE International Ltd on acquisition, resulting in a gain of £317.9m, as well as the sale of Servizio Titoli in April 2011, which resulted in a profit on disposal of £6.4m. The charge for the new revolving credit facility relates to funding required for the LCH.Clearnet transaction - the facility falls away if the acquisition is not completed.

5. Net finance expense

	2012	2011
	£m	£m
Finance income		
Expected return on defined benefit pension scheme assets	**13.1**	14.5
Bank deposit and other interest income	**3.6**	1.3
Other finance income	**0.1**	0.3
	16.8	16.1
Finance expense		
Interest payable on bank and other borrowings	**(40.6)**	(42.8)
Defined benefit pension scheme interest cost	**(13.8)**	(14.7)
Other finance expenses	**(3.2)**	(3.4)
Non-recurring credit facility arrangement fees	**(1.8)**	-
	(59.4)	(60.9)
Net finance expense	**(42.6)**	(44.8)

6. Taxation

The standard UK corporation tax rate was 26% (28% for the year ended 31 March 2011).

	2012	2011
Taxation charged to the income statement	**£m**	£m
Current tax:		
UK corporation tax for the year	**28.6**	38.1
Overseas tax for the year	**89.1**	55.3
Adjustments in respect of previous years	**1.8**	1.0
	119.5	94.4
Deferred tax:		
Deferred tax for the year	**0.2**	(10.4)
Adjustments in respect of previous years	**(5.5)**	4.1
Deferred tax liability on amortisation of purchased intangible assets	**(5.9)**	(6.4)
Taxation charge	**108.3**	81.7

	2012	2011
Taxation on items not credited/(charged) to income statement	**£m**	£m
Current tax credit:		
Tax allowance on share options/awards in excess of expense recognised	**0.3**	1.3
Deferred tax credit/(loss):		
Defined benefit pension scheme actuarial loss/(gain)	**12.5**	(9.0)
Tax allowance on share options/awards in excess of expense recognised	**0.5**	0.5
Adjustments relating to change in UK tax rate	**(0.6)**	0.7
	12.7	(6.5)

Factors affecting the tax charge for the year

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

	2012	2011
	£m	£m
Profit before taxation	**639.7**	238.2
Profit multiplied by standard rate of corporation tax in the UK	**166.3**	66.7
Profit on disposal/acquisition of shares in subsidiary	**(84.3)**	-
Expenses not deductible/(income not taxable)	**1.7**	(5.9)
Share of joint venture and associates consolidated at profit after tax	**(0.9)**	(3.8)
Overseas earnings taxed at higher rate	**21.6**	13.2
Adjustments in respect of previous years	**(3.8)**	5.1
Amortisation of purchased intangibles	**7.7**	6.4
Taxation charge	**108.3**	81.7

7. Earnings per share

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

	2012	2011
Basic earnings per share	**193.6p**	56.4p
Diluted earnings per share	**190.9p**	55.9p
Adjusted basic earnings per share	**100.6p**	73.7p
Adjusted diluted earnings per share	**99.2p**	72.9p
	£m	£m
Profit for the financial year attributable to equity holders	**522.0**	151.6
Adjustments:		
Amortisation of purchased intangible assets	**54.9**	47.1
Transaction costs	**23.4**	15.4
Restructuring costs	**-**	3.5
Property costs	**2.7**	2.1
Revaluation on acquisition within joint ventures	**2.4**	(10.0)
Profit on disposal/acquisition of shares in subsidiary	**(324.3)**	-
Charge for new revolving credit facility	**1.8**	-
Tax effect of amortisation and non-recurring items	**(8.6)**	(8.1)
Non-recurring items, amortisation and taxation attributable to non-controlling interests	**(3.0)**	(3.7)
Adjusted profit for the financial year attributable to equity holders	**271.3**	197.9
Weighted average number of shares - million	**269.6**	268.6
Effect of dilutive share options and awards - million	**3.8**	2.8
Diluted weighted average number of shares - million	**273.4**	271.4

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

8. Dividends

	2012	2011
	£m	£m
Final dividend for 2011 paid 16 August 2011: 18.0p per Ordinary share (2010: 16.0p)	**48.5**	42.9
Interim dividend for 2012 paid 5 January 2012 9.3p per Ordinary share (2011: 8.8p)	**25.1**	23.7
	73.6	66.6

The Board has proposed a final dividend in respect of the year ended 31 March 2012 of 19.0p, per share, which is estimated to amount to £51.3m, to be paid on 20 August 2012.

9. Intangible Assets

		Purchased intangible assets				
	Goodwill	**Customer and supplier relationships**	**Brands**	**Software, licenses and intellectual property**	**Software**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Cost:						
1 April 2010	1,217.8	699.3	11.1	123.2	197.1	2,248.5
Additions	-	-	-	-	29.2	29.2
Acquisition of subsidiaries	-	0.3	-	-	-	0.3
Disposals	(1.1)	-	-	-	(1.0)	(2.1)
Transfers to held for sale	(27.7)	(20.6)	-	-	-	(48.3)
Foreign exchange	(11.3)	(7.0)	(0.1)	(1.7)	(0.1)	(20.2)
31 March 2011	1,177.7	672.0	11.0	121.5	225.2	2,207.4
Additions	**-**	**16.2**	**-**	**-**	**16.0**	**32.2**
Acquisition of subsidiaries	**75.6**	**309.5**	**226.5**	**228.3**	**5.1**	**845.0**
Disposals	**-**	**-**	**-**	**-**	**(24.8)**	**(24.8)**
Foreign exchange	**(64.4)**	**(38.2)**	**(0.7)**	**(7.4)**	**(2.5)**	**(113.2)**
31 March 2012	**1,188.9**	**959.5**	**236.8**	**342.4**	**219.0**	**2,946.6**
Amortisation and accumulated impairment:						
1 April 2010	487.6	79.5	2.8	51.7	142.8	764.4
Amortisation charge for the year	-	30.7	1.1	15.3	33.2	80.3
Disposals	-	-	-	-	(1.0)	(1.0)
Transfers to held for sale	(22.3)	(3.6)	-	-	-	(25.9)
Foreign exchange	(3.9)	-	-	(0.8)	(0.1)	(4.8)
31 March 2011	461.4	106.6	3.9	66.2	174.9	813.0
Amortisation charge for the year	**-**	**36.2**	**3.7**	**15.0**	**23.7**	**78.6**
Disposals	**-**	**-**	**-**	**-**	**(24.8)**	**(24.8)**
Foreign exchange	**(24.1)**	**(7.0)**	**(0.3)**	**(4.7)**	**(1.5)**	**(37.6)**
31 March 2012	**437.3**	**135.8**	**7.3**	**76.5**	**172.3**	**829.2**
Net book values:						
31 March 2012	**751.6**	**823.7**	**229.5**	**265.9**	**46.7**	**2,117.4**
31 March 2011	716.3	565.4	7.1	55.3	50.3	1,394.4

The fair values of the purchased intangible assets were principally valued using discounted cash flow methodologies and are being amortised over their useful economic lives, which do not normally exceed 25 years. The goodwill arising on consolidation represents the growth potential and assembled workforces of the Italian Group, FTSE Group, MillenniumIT and Turquoise. The Company has no intangible assets.

During the prior year the goodwill and purchased intangibles allocated to Servizio Titoli were transferred to assets held for sale.

10. Financial instruments by category

The financial instruments of the Group and Company are categorised as follows:

	2012 £m	2011 £m
Assets as per balance sheet		
Financial assets of the CCP clearing business		
– CCP trading assets	**4,167.6**	7,309.5
– Receivables for repurchase transactions	**84,968.2**	98,863.1
– Other receivables from clearing members	**4,410.5**	3,983.1
– Financial assets held at fair value	**73.3**	22.2
– Cash and cash equivalents of clearing members	**6,137.3**	5,929.3
Financial assets of the CCP clearing business	**99,756.9**	116,107.2
Assets held at fair value	**14.6**	8.6
Total financial assets for CCP clearing	**99,771.5**	116,115.8
Trade and other receivables	**111.0**	78.7
Cash and cash equivalents	**216.0**	267.0
Available for sale financial assets	**0.4**	0.4
Interest rate swaps	**-**	0.4
Forward foreign exchange contracts	**-**	0.3
Cross currency interest rate swaps	**5.2**	-
Total	**100,104.1**	116,462.6

	2012 £m	2011 £m
Liabilities as per balance sheet		
Financial liabilities of the CCP clearing business		
– CCP trading liabilities	**4,167.7**	7,309.5
– Liabilities under repurchase transactions	**84,968.2**	98,863.1
– Other payables to clearing members	**10,537.9**	9,910.9
– Financial liabilities held at fair value	**73.4**	21.0
Financial liabilities of the CCP clearing business	**99,747.2**	116,104.5
Trade and other payables	**237.5**	156.5
Provisions	**30.1**	31.5
Borrowings	**757.1**	499.1
Cross currency interest rate swaps	**2.1**	12.9
Forward foreign exchange contracts	**-**	0.3
Total	**100,774.0**	116,804.8

11. Borrowings

	2012	2011
	£m	£m
Current		
Bank borrowings and trade finance loans	**10.5**	0.1
	10.5	0.1
Non-current		
Bond	**499.4**	499.5
Bank borrowings	**247.5**	-
Deferred arrangement fees	**(0.3)**	(0.5)
	746.6	499.0

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

Type	Expiry Date	Notes/ Facility £m	Carrying value at 31 March 2012 £m	Interest rate percentage at 31 March 2012 %
Drawn value of facilities				
Multi-currency revolving credit facility	Jul 2013	250.0	236.0	LIBOR + 0.8
Multi-currency revolving credit facility	Dec 2014	350.0	-	LIBOR + 1.25
Multi-currency term & revolving credit facilities	Jul 2015	41.2	10.0	LIBOR + 1.5
Multi-currency revolving credit facility	Nov 2015	250.0	11.5	LIBOR + 1.0
Total Bank facilities		891.2	257.5	
Notes due July 2016	Jul 2016	250.0	251.7	6.125
Notes due October 2019	Oct 2019	250.0	247.7	9.125
Total Bonds		500.0	499.4	
Total Committed Facilities		1,391.2	756.9	

In addition to the committed bank facility drawings, Millennium IT and Millennium IT Software have un-committed overdraft facility drawings of £0.5m (2011: £0.1m)

CC&G has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements. In addition, uncommitted credit lines of €1bn are available from major Italian banks in relation to support of the MTS markets. If these are drawn they are guaranteed by CCP assets comprising Italian Government Bonds. CC&G also has available to it €200m of committed facilities with banks, for short term CCP related activity purposes only.

Non-current borrowings

In July 2006, the Company issued a £250m bond which is unsecured and is due for repayment in July 2016. Interest is paid semi-annually in arrears in January and July each year. The issue price of the bond was £99.679 per £100 nominal. The coupon on the bond is dependent on movements in the Company's credit rating with Moody's which was unchanged throughout the financial year. The bond coupon remained at 6.125 per cent throughout this period.

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

During the year the Company drew down on its existing credit facilities to fund the acquisition of the 50% of FTSE International Limited it did not already own and signed a new £350m unsecured committed revolving credit facility expiring in December 2014 which allowed the Company to preserve comfortable facility headroom. The facility term is subject to a one year extension option exercisable by the Company but the facility will expire one month after any formal cessation of the LCH Clearnet acquisition. Arrangement fees associated with the new committed facility were expensed during the year.

FTSE maintains separate committed facilities comprising a $50m revolving credit facility and a Hong Kong dollar 124m term loan maturing in July 2015.

12. Analysis of net debt

	2012	2011
	£m	£m
Due within one year		
Cash and cash equivalents	**216.0**	267.0
Bank borrowings	**(10.5)**	(0.1)
Derivative financial assets	**5.2**	0.7
Derivative financial liabilities	**-**	(0.3)
	210.7	267.3
Due after one year		
Deferred (bank borrowings)/arrangement fees	**(247.2)**	0.5
Bonds	**(499.4)**	(499.5)
Derivative financial liabilities	**(2.1)**	(12.9)
Total net debt	**(538.0)**	(244.6)

Reconciliation of net cash flow to movement in net debt

	2012	2011
	£m	£m
(Decrease)/increase in cash in the year	**(42.9)**	46.7
Bank loan repayments less new drawings	**(224.3)**	104.6
Change in net debt resulting from cash flows	**(267.2)**	151.3
Foreign exchange movements	**(7.7)**	0.1
Movement on derivative financial assets and liabilities	**15.6**	5.9
Bond valuation adjustment	**0.1**	0.1
Acquired debt	**(34.2)**	-
Net debt at the start of the year	**(244.6)**	(402.0)
Net debt at the end of the year	**(538.0)**	(244.6)

13. Ordinary share capital

	2012		2011	
Authorised	**millions**	**£m**	millions	£m
Ordinary shares of 6 79/86p	**271.1**	**18.8**	271.1	18.8

14. Net cash flow generated from operations

	2012 £m	2011 £m
Profit before taxation	**639.7**	238.2
Depreciation and amortisation	**95.3**	96.7
Property impairment	**2.7**	2.5
Gain on disposal of property, plant and equipment	**-**	(0.4)
Profit on acquisition/disposal of shares in subsidiary and joint venture	**(323.8)**	-
Net finance expense	**42.6**	44.8
Share of profit after tax of joint ventures	**(3.5)**	(13.1)
(Increase)/decrease in inventories	**(0.9)**	0.7
Decrease in trade and other receivables	**13.8**	5.2
Increase in trade and other payables	**2.9**	13.9
Decrease/(increase) in CCP financial assets	**7,702.5**	(30,334.8)
(Decrease)/increase in CCP clearing business liabilities	**(7,709.8)**	30,325.1
Defined benefit pension obligation - contributions lower than/(in excess of) expenses charged	**0.2**	(0.9)
Provisions utilised during the year	**(3.8)**	(3.9)
(Increase)/decrease in assets held at fair value from operating activities	**(6.7)**	0.7
Share scheme expense	**12.1**	5.0
Foreign exchange (losses)/gains on operating activities	**(0.9)**	2.1
Cash generated from operations	**462.4**	381.8
Comprising:		
Ongoing operating activities	**483.7**	394.4
Non-recurring items	**(21.3)**	(12.6)
	462.4	381.8

15. Commitments and contingencies

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were £5.6m (2011: £2.5m) and £13.5m (2011: £23.8m) respectively. £13.5m other contracted commitments represent professional and other fees relating to the proposed transaction with LCH.Clearnet, the majority of which are conditional on completion.

16. Business combinations

Acquisitions in the year to 31 March 2012
In the year to 31 March 2012 the Group made two acquisitions involving the acquisition of an additional 50 per cent of the issued share capital of FTSE International Ltd and purchase of the entire business of the Transaction Reporting Service.

					Contribution post acquisition	
Acquisition	**Date acquired**	**Consideration including fair value adjustment of existing interest £m**	**Goodwill £m**	**Fair value of assets acquired £m**	**Revenue £m**	**Operating profit £m**
FTSE International Ltd	**16 December 2011**	**757.1**	**75.6**	**681.5**	**37.3**	**6.6**
Transaction Reporting Service	**24 October 2011**	**15.0**	**-**	**15.0**	**1.4**	**0.9**

If both acquisitions had occurred on 1 April 2011, estimated Group revenue for the year would have been £128.1m, with operating profit (before acquisition amortisation and exceptional items) of £56.7m. These amounts have been calculated using the Group's accounting policies and based on available information.

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

	FTSE		**TRS**		**Total**	
	Book value	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Non-current assets:						
Intangible assets	59.6	765.4	-	16.2	**59.6**	**781.6**
Property, plant and equipment	5.8	5.8	-	-	**5.8**	**5.8**
Current assets:						
Cash and cash equivalents	7.6	7.6	-	-	**7.6**	**7.6**
Other current assets	43.0	43.0	-	-	**43.0**	**43.0**
Current liabilities:						
Other current liabilities	(59.8)	(59.8)	-	-	**(59.8)**	**(59.8)**
Non-current liabilities:						
Borrowings	(34.2)	(34.2)	-	-	**(34.2)**	**(34.2)**
Other non-current liabilities	(1.0)	(46.3)	-	(1.2)	**(1.0)**	**(47.5)**
Net assets	21.0	681.5	-	15.0	**21.0**	**696.5**
Goodwill	-	75.6	-	-	**-**	**75.6**
Fair value adjustments to investment in original holdings	-	(329.2)	-	-	**-**	**(329.2)**
Total consideration	21.0	427.9	-	15.0	**21. 0**	**442.9**
Satisfied by:						
Cash		427.9		15.0		**442.9**

The fair values are preliminary and will be finalised during the following financial year.

The fair value adjustments include:

FTSE International Ltd
The £837.0m of intangible assets arising on consolidation represents £453.0m relating to the FTSE trademark and £308.4m of customer contracts and customer relationships. The fair values of these purchased intangible assets are being amortised over their useful economic lives, which do not normally exceed 25 years. The goodwill of £75.6m arising on consolidation represents the growth potential of FTSE through future expected income from new customers now that it is fully part of the Group and its assembled workforce.

Transaction Reporting Services
The £16.2m of intangible assets arising on consolidation represents customer relationships. The fair values of these purchased intangible assets are being amortised over their useful economic lives of 20 years.

17. Post balance sheet events

On 9 March 2012, the Company and LCH.Clearnet Group Limited and announced a recommended cash offer for the Company to take a majority stake in LCH.Clearnet. On 30 March 2012, the Company and LCH.Clearnet announced that the acceptance condition in respect of the offer had been satisfied and on 13 April 2012, the offer closed to further acceptances with final total acceptances in respect of the offer of 71.52 per cent. of the LCH.Clearnet issued share capital.

In accordance with the terms of the offer, certain accepting LCH.Clearnet shareholders will have their acceptances scaled back so that, following completion and including the stake acquired from MF Global described below, LSEG will hold 60 per cent. of the LCH.Clearnet issued share capital.

On 13 April 2012, the Company purchased 970,656 LCH.Clearnet Shares held by MF Global UK Limited (in special administration), representing 2.39 per cent. of the LCH.Clearnet issued share capital at an initial price of €14 per LCH.Clearnet share. MF Global remains entitled to additional consideration that may become payable on the terms summarised in LSEG's offer announcement of 9 March 2012.

On 3 April 2012, the shareholders of both the Company and LCH.Clearnet voted overwhelmingly in favour of the offer and completion of the transaction is expected by the fourth quarter of calendar 2012, subject to regulatory and other approvals, including competition clearance.