21 May 2010

LONDON STOCK EXCHANGE GROUP PLC

ANNOUNCEMENT OF PRELIMINARY RESULTS OF LONDON STOCK EXCHANGE GROUP PLC FOR THE YEAR ENDED 31 MARCH 2010

London Stock Exchange Group plc (the “Group”) today reports results for the financial year ended 31 March 2010.

Financial Headlines:

- Total income of £628.3 million (2009: £671.4 million) – with good performance in Italian cash equities and fixed income trading, as well as the Post Trade and Information & Technology divisions, reflecting breadth of business; revenue excluding net interest income through CCP businesses and other income was £605.6 million (2009: £644.7 million)

- Continued focus on cost reduction - organic cost base down eight per cent at constant currency before acquisition impairment and amortisation, and exceptional items (and excluding one-off costs of £25.3 million taken in relation to TradElect replacement by MillenniumIT)

- Adjusted operating profit (before acquisition impairment and amortisation, and exceptional items) of £280.3 million (2009: £340.7 million); or £305.6 million excluding one-off TradElect replacement costs; statutory operating profit of £182.3 million (2009: loss of £207.9 million)

- Adjusted basic earnings per share of 60.1 pence (2009: 74.2 pence), including a 6.8 pence per share reduction for the one-off TradElect replacement costs

- Total dividend for the year maintained at 24.4 pence per share

- Net cash flow from operations after exceptional items remained strong at £301.2 million (2009: £352.6 million)

Strategic Highlights

- Number of actions taken in a short period to strategically re-position the Group to develop opportunities and meet challenges, including: strengthening of management team with experienced capital markets and technology specialists; continuation of cost reduction programme including a 13 per cent headcount reduction; reduction of external post trade costs and our own tariff adjustments to encourage new business in equities and derivatives

- Acquisition of Turquoise to develop pan-European lit and dark pool trading services in a joint venture with 12 leading banking clients

- MillenniumIT, an innovative software development company based in Sri Lanka, acquired to provide new, low cost, high performance trading technology to the Group, as well as other capital markets clients

Operational Highlights:

- The Group again underlined its fundamental capital raising role with £77 billion raised by companies on our markets, the second highest annual amount (2009: a record £106 billion), with a 20 per cent increase in admission fee income and an accelerating rate of new issues in H2

- Good performances in Italian cash equities and fixed income trading (the latter reflecting 31 per cent growth in value traded on MTS) with revenues up seven per cent (constant currency) in both businesses

- Good overall performance from Post Trade Services – increased revenues in settlement and custody, and growth in clearing transaction volumes (up 4 per cent) although offset by reduction in non transaction revenues compared to unusually high levels of volatility last year

- Demand for real time data in H2 remained generally robust, with 93,000 professional users of LSE information at year-end, down just 1,000 since H1; and broadly unchanged in Italy over the same period with 142,000 professional users

- Good growth from non real time data businesses, with revenues up 10 per cent, reflecting growing contributions from SEDOL, UnaVista, FTSE and Proquote; and Technology services up 37 per cent, including first time contribution from MillenniumIT

- Continuing focus on operational cost efficiencies with elimination of a further 50 roles, partly through natural attrition

Commenting on the results, Chris Gibson-Smith, Chairman of London Stock Exchange Group, said:

“The market, economic and regulatory environment in which our business operates is going through a period of significant change. We continue to take steps to ensure the business remains central to capital markets, competing for business as an efficient, low cost and client focused organisation with a clear strategy to deliver growth and value.”

Xavier Rolet, Chief Executive, said:

“We have made very good progress to get in shape, to leverage our assets and develop the opportunities, and the acquisitions of MillenniumIT and Turquoise help us in many regards. We recognise that there remains much work to be done and that, in many cases, the fruits of our labour to date have yet to be harvested.

“In the coming year, as we continue to deliver on the key elements of our strategy within a fluid market and regulatory environment, we expect to see further progress across our business.”

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Further information

The Group will host a presentation of its Preliminary Results for analysts and institutional shareholders today at 09:30am at 10 Paternoster Square, London EC4M 7LS. The presentation will be accessible via live web cast, 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.

The Group will also hold a presentation of its Preliminary Results for members of the press today at 11:30am at 10 Paternoster Square, London EC4M 7LS. For further information, please call the Group’s London Press Office on +44 (0) 20 7797 1222 or Milan office on +39 02 72 426 212.

SUMMARY FINANCIAL RESULTS

Unless otherwise stated, all figures refer to the year ended 31 March 2010.

	Year ended 31 March 2010	2009	Variance	Variance at constant currency
	£m	**£m**	**%**	**%**
Revenue				
Capital Markets	**287.4**	341.5	(16%)	(18%)
Post Trade	**100.0**	91.6	9%	2%
Information & Technology	**216.6**	207.5	4%	3%
Other Revenue	**1.6**	4.1	(61%)	(64%)
Total revenue	**605.6**	644.7	(6%)	(8%)
Net interest income through CCP business	**16.2**	20.8	(22%)	(27%)
Other income	**6.5**	5.9	10%	10%
Total income	**628.3**	671.4	(6%)	(9%)
Operating costs	**(349.6)**	(332.8)	5%	2%
Share of profit of JV/associates	**1.6**	2.1		
Acquisition amortisation and exceptional items	**(98.0)**	(64.6)	52%	52%
Impairment of goodwill	**-**	(484.0)		
Operating profit / (loss)	**182.3**	(207.9)		
Adjusted operating profit*	**280.3**	340.7	(18%)	(20%)
Basic earnings per share (p)	**33.8**	(126.1)		
Adjusted basic earnings per share (p)*	**60.1**	74.2	(19%)	

*excluding acquisition impairment and amortisation, and exceptional items

With the introduction of IFRS 8 ‘Operating Segments’, this year, we have undertaken a more comprehensive review of the way in which we disclose our revenue to most clearly present the performance of the business. Accordingly, in addition to restating the segments to align with our internal reporting structure as required by IFRS 8, we have separated out “net interest income through CCP businesses” and “other income”, the latter primarily being property income from the sub-letting of surplus space. The net interest income through CCP businesses is the net interest earned on assets held by us on behalf of third parties as part of the risk management process within our clearing business and is based on the spread between EONIA and EURIBOR rates, which is outside the control of management. Total income stated above is equal to total revenue as presented previously.

Chief Executive's Review

Against a difficult operating environment for exchange businesses in the past twelve months, we have delivered a resilient performance. Despite a weak IPO market, lower equity market valuations, subdued investor trading in the secondary markets, robust competition for trading and a contraction in financial market professionals who consume our real time and reference data, we achieved revenue of £605.6 million, only six per cent less than last year. Adjusted operating profit before acquisition impairment and amortisation, and exceptional items, was £280.3 million reflecting tight control of our costs but also certain one-off costs associated with the acquisition of MillenniumIT.

Through the merger with Borsa Italiana, completed in 2007, we have a good product portfolio beyond equities, encompassing derivatives and fixed income trading together with post trade services. The merger has also demonstrated our success in integrating businesses while, critically, preserving market identities.

Notwithstanding the strength of our brand and the quality of our assets, we are operating in a fast changing and challenging environment, characterised by robust competition and a number of potential regulatory changes. It is essential, therefore, that we have a clear, executable strategy that will enable us to thrive in the evolving markets in which we operate.

Strategy

At the heart of our strategy is a fundamental corporate philosophy: to be a truly client-centred business. However, the breadth, diversity and changing composition of our client base creates certain challenges. The onus is on us to prove to our clients the fundamental value of an exchange as an independent, neutral, efficient and profitable provider of core capital markets infrastructure. By getting this right shareholders will also benefit as we successfully grow the business.

Within this context our strategy can be characterised as getting in shape, leveraging our assets and developing the opportunities for other forms of growth from joint ventures, partnerships and acquisitions. The strategic imperatives comprise the following elements:

- Drive efficiency
- Build scale
- Increase scope
- Extend reach

Over the course of the year, we have developed the top team to deliver this strategy. As well as harnessing the existing talent among senior managers within the company, the management team has been augmented by select external appointments – such as Kevin Milne, who now heads up our Post Trade Services division, and Antoine Shagoury, who has joined us as Chief Information Officer – and through acquisition in the case of Tony Weeresinghe who is responsible for our global development, overseeing our commercial and business relationships with other exchanges, as well as continuing as CEO of MillenniumIT.

Drive Efficiency

Identifying and establishing further efficiencies throughout the Group has been a priority over the past year. Faced with a drop in value traded on our market, through a combination of lower velocity, lower capital commitment by banks and increased competition, we have taken a number of actions to reduce our cost base, encompassing our three largest areas of cost: people, technology and property.

Early last summer we made a number of management changes to streamline and accelerate decision taking. In the process, we took some difficult decisions with respect to a number of roles across the Group, reducing the workforce at that time by 12 per cent and generating £11 million of annualised cost benefit. The positive way in which staff members have responded to these changes is testament to the quality of the people working here.

A smaller workforce in London has enabled us to improve our position on property costs through the release and subletting of another floor in our Paternoster Square headquarters, providing a net benefit of £3 million per annum from 2010/11. Meanwhile in Milan, we are managing the future cost increase of our lease on Palazzo Mezzanotte, our Italian HQ, by upgrading the building, which will enable us to consolidate all our Milan-based staff there over the next year and close two other facilities.

We also completed a major review of our technology requirements across the Group, culminating in the acquisition of MillenniumIT, an innovative software development firm based in Sri Lanka. As well as providing the Group with a new, high performance, scalable trading platform for our cash equities markets, MillenniumIT brings us our own in-house software development capability with dedicated R&D resource. We have already identified at least £10 million in technology related savings once our new trading system is rolled out, and believe that further savings will be forthcoming in due course.

Increased efficiency has enabled us to make some important tariff cuts in our UK cash equities business. As well as making our fees more competitive, we have sought to differentiate them from those of our competitors, underlining our desire to provide a balanced and neutral marketplace for the broadest range of clients.

Build Scale

In a highly competitive environment, the old adage about exchanges being scale businesses has never been more true. It is therefore essential that we continue to promote our world class listing business and establish new products that take advantage of existing infrastructure.

Through the combination with Borsa Italiana, we have a broad range of products and services, across asset classes and through the value chain. A number of these products, though, do not yet enjoy the full benefits of scale. Achieving greater scale in our business is critical to being able to reward both clients and shareholders alike.

Over the past year, we have made steady progress on leveraging our assets. In July, our clearing business, CC&G, was approved by the FSA to operate in the UK, following which we have started to use its services for our UK-regulated derivatives business, EDX. In February, we launched a retail bond market in the UK based on our offering in Italy, which is by far the most successful example of its kind in Europe.

Among product enhancements over the coming year, we will extend the range of equity derivatives contracts traded beyond our Italian, Russian and Scandinavian based products, and are part way through the process of migrating all derivatives trading to a single, high performance platform.

Increase Scope

Alongside building scale it is imperative that we increase the scope of our activities – in product development, trading functionality, post trade and information services. The acquisition of MillenniumIT is integral to our ability to achieve this.

As well as providing cost effective trading platforms, MillenniumIT will be used to deliver market surveillance, ticker plant, desktop services, smart order routing and post trade technology. In the process, we will be able to accelerate our time to market for new products and functionality enhancements while at the same time reducing our overall development and ownership costs.

In addition to improving our in-house assets and capabilities, our ability to introduce new products and services hinges on the quality of our client relationships. A significant development in this regard has been our recent creation of a partnership with 12 of the world’s leading banks to lead Turquoise in the next phase of its development. As the majority shareholder, we will ensure that the pan-European platform is neutral, efficiently run, open to the broadest pool of clients and develops services on an international scale; as important stakeholders in the venture, the banks will support innovative product initiatives and broader strategy development.

Extend Reach

The acquisitions of Turquoise and MillenniumIT in the past year not only provide new assets but, importantly, also help us extend our reach. Through Turquoise, we have for the first time a platform with a pan-European footprint and significant potential for growth. And since the year end we have launched trading in US securities on the platform. Meanwhile, our brand and balance sheet backing of MillenniumIT has improved its international prospects and ability to extend the global reach of its technology sales. For us, this increases our capacity to broaden and deepen our commercial, business and strategic relationships with exchanges around the world.

We believe that our future depends on our ability to become a truly global player, anchored in London but with a significant presence in other time zones. We will only achieve this goal through significant partnerships and inorganic growth opportunities within our industry.

A Year of Progress

This has been an eventful year, a period of change and challenge, and I am grateful to staff, shareholders and clients for the welcome and support they have shown to me since taking on the job. Collectively, we have made very good progress against our objectives, but we recognise that there remains much work to be done. We are aware that, in many cases, the fruits of our labour to date have yet to be harvested.

In the coming year, as we continue to deliver on the key elements of our strategy within a fluid market and regulatory environment, we expect to see further progress across our business.

Xavier Rolet
Chief Executive

Financial Review

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

Capital Markets

Revenue	Year ended 31 March 2010 £m	2009 £m	Variance %	Variance at constant currency %
Primary Markets				
Annual fees	**35.2**	41.0	(14%)	(16%)
Admission fees	**34.0**	28.1	21%	20%
	69.2	69.1	0%	(2%)
Secondary Markets				
Cash equities UK	**101.8**	156.2	(35%)	(35%)
Cash equities Italy	**31.7**	28.0	13%	7%
Derivatives	**19.5**	25.6	(24%)	(26%)
Fixed income	**29.3**	25.8	14%	7%
	182.3	235.6	(23%)	(24%)
Other	**35.9**	36.8	(2%)	(7%)
Total revenue	**287.4**	341.5	(16%)	(18%)

Performance in the Capital Markets segment remained mixed, reflecting the uncertain economic and market conditions.

Within primary markets, admission fee revenues grew strongly due to the high level and mix of secondary capital raisings, with a larger proportion of smaller and medium size issues compared with the prior year. Whilst down year on year, the level of new issues across all our markets has increased significantly in recent months, with 72 new issues in the second half of the year, compared with 38 in the first half and 46 in the second half of last year.

As expected, annual fee revenues declined reflecting the reduction in market capitalisations in 2008 and a fall in the number of companies on AIM. UK market capitalisations at the end of November 2009 (which form the basis of fees for the year ending 31 March 2011) increased by 27 per cent compared with the prior year, although the reduction in company numbers on AIM will hold the overall growth in UK annual fee revenues to around 10 per cent.

In secondary markets, the key drivers of equity trading revenues are value traded in the UK and volume traded in Italy. UK equity trading revenues declined 35 per cent, with average daily value traded on the UK order book declining 33 per cent to £4.6 billion per day (2009: £6.9 billion), in part reflecting continued competition from alternative venues as well as an overall lower level of value traded in the market. As a result of tariff changes in September 2009, the average basis point yield decreased from 0.92 in the first half of the year to 0.80 in the second half, giving a full year 0.86 basis point average (2009: 0.87 basis points). In Italy, the average daily number of trades was more resilient, declining only two per cent to 252,000 trades per day (2009: 256,000), reflecting both the benefit of the stronger retail element in this market and the cost efficient straight through processing provided by our integrated trading and post trade operations.

Our derivatives revenues declined in both the UK and Italy. EDX volumes fell eight per cent, with a doubling in Russian derivatives trading to 37.4 million contracts (2009: 19.0 million) helping to offset a fall in Scandinavian business. EDX successfully migrated to the SOLA trading platform in December 2009, with trading in Scandinavian derivatives dropping away, as expected, at this point. IDEM volumes increased 11 per cent following the introduction of tariff caps earlier in the year, although a shift away from index products together with the tariff changes reduced the average yield.

Fixed income revenues performed strongly, with value traded in MTS up 31 per cent to €45 trillion for the year, with a particularly strong second half.

Other capital markets revenues comprise fees for membership of all our markets and other non-trading revenues within MTS.

Post Trade Services

	Year ended 31 March			Variance at constant
	2010	2009	Variance	currency
	£m	£m	%	%
Revenue				
Clearing	**33.4**	32.0	4%	(2%)
Settlement	**21.1**	17.2	23%	15%
Custody & other	**45.5**	42.4	7%	1%
Total revenue	**100.0**	91.6	9%	2%
Net interest income through CCP business	**16.2**	20.8	(22%)	(27%)
Total income	**116.2**	112.4	3%	(3%)

Clearing transaction volumes increased four per cent versus prior year, though this was offset by a reduction in non transaction revenues as members took more care to ensure transactions cleared on time, avoiding fail fees.

The growth in settlement revenues was primarily driven by an increased share of OTC business settled by Monte Titoli. Custody and Other revenues benefitted from a seven per cent increase in the average value of assets under custody, partially offset by a decline in revenue in the company secretarial services business arising from a decrease in the number of quoted companies and shareholders serviced.

The decline in net income through CCP business reflects a reduction in the net interest earned compared with the unusually high level experienced during the volatile markets last year, primarily due to lower spreads between EONIA (the basis for interest payments to members) and EURIBOR (the basis for interest received on cash deposits).

Information & Technology Services

	Year ended 31 March			Variance at constant currency
	2010	2009	Variance	currency
	£m	£m	%	%
Revenue				
Real time data	**103.7**	114.4	(9%)	(11%)
Other information services	**65.6**	59.1	11%	10%
Technology services	**47.3**	34.0	39%	37%
Total revenue	**216.6**	207.5	4%	3%

Reflecting underlying market trends, professional users receiving real-time London Stock Exchange data accounted for 93,000 terminals at 31 March 2010, down 11,000 since last year but only slightly reduced since the half year (94,000) as financial services market employment levels began to stabilise. The number of professional users of Borsa Italiana data declined by 9,000 to 142,000 at 31 March 2010 but was broadly in line with the level at the half year.

Other information services delivered good growth from a number of our non real-time data businesses. In particular, growing contributions were provided by SEDOL (which provides unique identification for a range of global tradable securities), UnaVista (a post trade data matching service), royalties from the FTSE indices joint venture and Proquote. Turquoise contributed £0.3m of revenue following its acquisition in February 2010.

Technology services includes a first time contribution from MillenniumIT, which delivered £6.7million of revenue following its acquisition in October 2009. Excluding MillenniumIT, organic constant currency growth in Technology Services of 18 per cent reflects revenues from the hosting business and Oslo exchange partnership, both initiated at the end of the prior year.

Operating Expenses

Our organic operating cost base, before goodwill impairment, amortisation of purchased intangibles and exceptional items, was reduced by eight per cent on a constant currency basis, highlighting our continued focus on cost reduction and more efficient operational delivery. These improvements include a full year's benefit from completion of the Borsa integration and an initial £6m saving following the 12 per cent reduction in our UK and Italy headcount during 2009. Current year costs also benefited from a £6.7 million reduction in expenses related to long term incentive arrangements reflecting the reduction in headcount and scheme performance in year.

One off costs of £25.3 million following our acquisition of MillenniumIT comprise non-recurring accelerated depreciation (£19.7 million) and other IT costs (£5.6 million) relating to the existing TradElect platform, which will be replaced next year. A further £6 million of such accelerated depreciation will be incurred next year.

Exceptional items comprise £30.1 million of restructuring costs, including £17.1 million primarily associated with the 2009 headcount reduction programme and £13.0 million relating to the subletting of surplus space in our Paternoster Square premises, together with £12.4 million associated with the acquisition of Turquoise and a residual £0.9 million for the integration of London Stock Exchange and Borsa Italiana.

Profit for the Year

Operating profit before goodwill impairment, amortisation of purchased intangibles and exceptional items decreased 18 per cent to £280.3 million (2009: £340.7 million), though was down only 10 per cent to £305.6 million when excluding the one off costs associated with the acquisition of MillenniumIT. Net finance costs declined £4.2 million reflecting gilt lock hedge costs in 2009 not recurring this year, partially offset by lower market rates on the Group's cash balances and the higher coupon on our 2009 bond. Our effective tax rate was 30.5 per cent (2009: 32.0 per cent) reflecting the mix of lower UK and higher Italian effective rates and a greater current year benefit from settling open tax filings. The profit attributable to equity holders for the year, after tax and minority interests, was £90.4 million (2009: £338.0 million loss, after a £484.0 million goodwill impairment).

The Group's foreign exchange exposure arises mainly from translating the Group's euro earnings, assets and liabilities into sterling. During the year, the Group's income has benefited from the strengthening of the average euro rate against sterling.

	2010	2009
Spot £/€ rate at 31 March	1.12	1.08
Average £/€ rate for the year	1.13	1.20

A €5c weakening in the average £/€ rate for the year would have reduced the Group's operating profit before acquisition impairment and amortisation, and exceptional items by approximately £6.1 million.

Earnings per Share

Our adjusted basic earnings per share, excluding goodwill impairment, amortisation of purchased intangible assets and exceptional items, decreased 19 per cent to 60.1 pence (2009: 74.2 pence). The one-off costs related to the MillenniumIT acquisition reduced current year earnings per share by 6.8 pence (2009: nil). Basic earnings per share increased to 33.8 pence (2009: negative 126.1 pence, reflecting the goodwill impairment in the prior year).

Cash Flow and Balance Sheet

We remained strongly cash generative in the year. While cash generated from operations decreased by 15 per cent to £301.2 million (2009: £352.6 million), our net cash inflow from operating activities was only four per cent lower than prior year at £215.2 million. Our net cash investment in the business of £49.5 million included £42.2 million of capital expenditure, £16.3 million spent to acquire MillenniumIT and Turquoise and £6.1 million funding to our TOKYO AIM venture.

The Group has net assets of £1,030.8 million at 31 March 2010 (2009: £1,053.2 million). The central counterparty clearing business assets and liabilities within CC&G largely offset each other and are shown gross on the balance sheet as the amounts receivable and payable are with different counterparties. The gross clearing balances increased substantially year on year primarily as a result of a higher number and value of repurchase transactions processed by our clearing operations.

At 31 March 2010, the Group's key financing ratios remained strong with interest cover – the coverage of net finance expense by earnings before interest, taxation, amortisation and exceptional items – at 9.2 times (2009: 10.1 times) and our net debt to EBITDA at 1.5 times (2009: 1.6 times) on an actual basis. We remain well within our bank covenants.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2010

		2010			2009		
		Before acquisition amortisation and exceptional items	**Acquisition amortisation and exceptional items**	**Total**	Before acquisition impairment and amortisation, and exceptional items	Acquisition impairment, amortisation and exceptional items	Total
		£m	**£m**	**£m**	£m	£m	£m
Continuing operations	Notes						
Revenue	2	**605.6**	**-**	**605.6**	644.7	-	644.7
Net interest income through CCP business	2	**16.2**	**-**	**16.2**	20.8	-	20.8
Other income		**6.5**	**-**	**6.5**	5.9	-	5.9
Total income		**628.3**	**-**	**628.3**	671.4	-	671.4
Expenses							
Operating expenses		**(349.6)**	**(98.0)**	**(447.6)**	(332.8)	(64.6)	(397.4)
Share of profit after tax of joint ventures/associates		**1.6**	**-**	**1.6**	2.1	-	2.1
Operating profit before impairment		**280.3**	**(98.0)**	**182.3**	340.7	(64.6)	276.1
Impairment of goodwill	4	**-**	**-**	**-**	-	(484.0)	(484.0)
Operating profit/(loss)		**280.3**	**(98.0)**	**182.3**	340.7	(548.6)	(207.9)
Finance income		**15.2**	**-**	**15.2**	20.8	-	20.8
Finance expense		**(55.9)**	**-**	**(55.9)**	(58.8)	(6.9)	(65.7)
Net finance expense	5	**(40.7)**	**-**	**(40.7)**	(38.0)	(6.9)	(44.9)
Profit on disposal of shares in subsidiaries/associates		**2.4**	**0.3**	**2.7**	2.0	-	2.0
Profit/(loss) before taxation		**242.0**	**(97.7)**	**144.3**	304.7	(555.5)	(250.8)
Taxation	4,6	**(73.9)**	**21.3**	**(52.6)**	(96.7)	14.7	(82.0)
Profit/(loss) for the financial year		**168.1**	**(76.4)**	**91.7**	208.0	(540.8)	(332.8)
Profit/(loss) attributable to minority interests		**7.3**	**(6.0)**	**1.3**	9.1	(3.9)	5.2
Profit/(loss) attributable to equity holders		**160.8**	**(70.4)**	**90.4**	198.9	(536.9)	(338.0)
		168.1	**(76.4)**	**91.7**	208.0	(540.8)	(332.8)
Basic earnings/(loss) per share	7			**33.8p**			(126.1)p
Diluted earnings/(loss) per share	7			**33.5p**			(126.1)p
Adjusted basic earnings per share	7			**60.1p**			74.2p
Adjusted diluted earnings per share	7			**59.6p**			73.6p
Dividend per share in respect of financial year							
Dividend per share paid during the year	8			**24.4p**			24.4p
Dividend per share declared for the year	8			**24.4p**			24.4p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	2010 £m	2009 £m
Profit/(loss) for the financial year	**91.7**	(332.8)
Defined benefit pension scheme actuarial loss	**(1.8)**	(11.7)
Cash flow hedge	**(0.9)**	6.2
Net investment hedge	**(9.9)**	(24.8)
Exchange (losses)/gains on translation of foreign operation	**(56.8)**	284.3
Tax related to items not recognised on income statement	**1.5**	2.2
	(67.9)	256.2
Total recognised income/(expense) for the financial year	**23.8**	(76.6)
Attributable to minority interests	**(2.2)**	14.9
Attributable to equity holders	**26.0**	(91.5)
	23.8	(76.6)

CONSOLIDATED BALANCE SHEET

31 March 2010	Notes	**2010** £m	2009 £m
Assets			
Non-current assets			
Property, plant and equipment		**74.9**	79.9
Intangible assets	9	**1,484.1**	1,584.9
Investment in joint ventures		**7.1**	1.7
Investments in associates		**1.5**	1.9
Deferred tax assets		**6.2**	5.7
Available for sale investments		**0.4**	0.4
Retirement benefit asset		**4.6**	5.0
Other non-current assets		**0.7**	0.4
		1,579.5	1,679.9
Current assets			
Inventories		**2.2**	-
Trade and other receivables		**132.2**	114.5
Derivative financial instruments		**0.6**	-
CCP financial assets		**79,669.3**	32,077.9
CCP cash and cash equivalents (restricted)		**4,580.7**	3,596.6
CCP clearing business assets	10	**84,250.0**	35,674.5
Assets held at fair value		**9.5**	5.0
Cash and cash equivalents		**223.1**	143.7
		84,617.6	35,937.7
Total assets		**86,197.1**	37,617.6
Liabilities			
Current liabilities			
Trade and other payables		**137.1**	112.9
Derivative financial instruments		**2.7**	1.6
CCP clearing business liabilities	10	**84,257.5**	35,679.2
Current tax		**10.5**	7.6
Borrowings	11	**0.9**	2.3
Provisions		**3.7**	3.8
		84,412.4	35,807.4
Non-current liabilities			
Borrowings	11	**605.8**	622.5
Derivative financial instruments		**16.3**	-
Deferred tax liabilities		**94.3**	103.3
Retirement benefit obligation		**7.3**	8.3
Provisions		**30.2**	22.9
		753.9	757.0
Total liabilities		**85,166.3**	36,564.4
Net assets		**1,030.8**	1,053.2
Equity			
Capital and reserves attributable to the Group's equity holders			
Share capital	13	**18.8**	18.7
Retained loss		**(775.7)**	(803.2)
Other reserves		**1,684.8**	1,741.4
		927.9	956.9
Minority interests in equity		**102.9**	96.3
Total equity		**1,030.8**	1,053.2

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2010

	Notes	**2010 £m**	2009 £m
Cash flow from operating activities			
Cash generated from operations	14	**301.2**	352.6
Interest received		**2.1**	7.0
Interest paid		**(31.0)**	(52.1)
Corporation tax paid		**(48.1)**	(51.9)
Withholding tax paid		**(9.0)**	(30.5)
Net cash inflow from operating activities		**215.2**	225.1
Cash flow from investing activities			
Purchase of property, plant and equipment		**(12.3)**	(19.9)
Purchase of intangible assets		**(29.9)**	(36.5)
Disposal of associate		**-**	2.7
Investment in joint ventures		**(6.1)**	(0.7)
Investment in subsidiaries		**(16.3)**	(5.3)
Net cash inflow from acquisitions		**5.2**	-
Dividends received		**2.5**	3.8
Proceeds from sale of minority interest in subsidiary		**7.4**	-
Net cash outflow from investing activities		**(49.5)**	(55.9)
Cash flow from financing activities			
Dividends paid to shareholders		**(65.2)**	(65.3)
Dividends paid to minorities		**(8.7)**	(7.0)
Redemption of B shares		**(2.3)**	(5.3)
Share buyback		**-**	(51.5)
Purchase of own shares by ESOP trust		**-**	(26.3)
Proceeds from own shares on exercise of employee share options		**1.4**	0.9
Proceeds from borrowings		**305.4**	735.2
Repayment of borrowings		**(313.8)**	(818.5)
Net cash outflow from financing activities		**(83.2)**	(237.8)
Increase/(decrease) in cash and cash equivalents		**82.5**	(68.6)
Cash and cash equivalents at beginning of year		**143.7**	200.6
Exchange (losses)/gains on cash and cash equivalents		**(3.1)**	11.7
Cash and cash equivalents at end of year		**223.1**	143.7

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 fund amounts 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, and is therefore shown in the cash flow statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 March 2010

	Attributable to equity holders of the Group									
				Other reserves						
	Ordinary Share capital	Retained loss	Capital redemption reserve	Reverse acquisition reserve	Foreign Exchange translation reserve	Merger Reserve	Hedging Reserve	Total attributa-ble to equity holders	Minority interest	Total equity
	£m	£m		£m	£m	£m	£m	£m	£m	£m
1 April 2008	**19.1**	**(331.1)**	**506.2**	**(512.5)**	**201.5**	**1,299.2**	**(14.7)**	**1,167.7**	**95.2**	**1,262.9**
Total comprehensive income for the financial year	-	(347.5)	-	-	274.6	-	(18.6)	(91.5)	14.9	(76.6)
Final dividend relating to the year ended 31 March 2008	-	(42.9)	-	-	-	-	-	(42.9)	-	(42.9)
Interim dividend relating to the year ended 31 March 2009	-	(22.4)	-	-	-	-	-	(22.4)	-	(22.4)
Dividend payments to minorities	-	-	-	-	-	-	-	-	(9.5)	(9.5)
Share buyback	(0.4)	(38.5)	0.4	-	-	-	-	(38.5)	-	(38.5)
ESOP share purchases net of employee share scheme expenses	-	(15.9)	-	-	-	-	-	(15.9)	-	(15.9)
Redemption of B shares	-	(5.3)	5.3	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	(4.3)	(4.3)
Share of equity recognised by FTSE	-	0.4	-	-	-	-	-	0.4	-	0.4
31 March 2009	**18.7**	**(803.2)**	**511.9**	**(512.5)**	**476.1**	**1,299.2**	**(33.3)**	**956.9**	**96.3**	**1,053.2**
Issue of shares	0.1	-	-	-	-	5.1	-	5.2	-	5.2
Total comprehensive income for the financial year	-	90.0	-	-	(53.2)	-	(10.8)	26.0	(2.2)	23.8
Final dividend relating to the year ended 31 March 2009	-	(42.7)	-	-	-	-	-	(42.7)	-	(42.7)
Interim dividend relating to the year ended 31 March 2010	-	(22.5)	-	-	-	-	-	(22.5)	-	(22.5)
Dividend payment to minorities	-	-	-	-	-	-	-	-	(8.3)	(8.3)
Employee share schemes expenses	-	5.0	-	-	-	-	-	5.0	-	5.0
Redemption of B shares	-	(2.3)	2.3	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	17.1	17.1
31 March 2010	**18.8**	**(775.7)**	**514.2**	**(512.5)**	**422.9**	**1,304.3**	**(44.1)**	**927.9**	**102.9**	**1,030.8**

The capital redemption reserve is a non-distributable reserve set up as a result of a court approved capital reduction.
The reverse acquisition reserve is a non-distributable capital reserve arising on consolidation as a result of the capital reduction scheme.
The foreign exchange translation reserve reflects changes in the impact of foreign currency on the translation of foreign operations.
The merger reserve arises on consolidation when the Company issues shares as part of the consideration to acquire subsidiary undertakings.
The hedging reserve represents the cumulative fair value adjustment recognised in respect of net investment and cash flow hedges undertaken in accordance with hedge accounting principles.

Notes to the financial statements

1. Basis of preparation and accounting policies

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and 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 majority-owned 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 exceptional 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 cash earnings and is the primary measure of performance monitored by the Group's Executive Committee. Profit before acquisition impairment and amortisation, and exceptional 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 have been adopted in these financial statements.

IAS 1 (Revised) 'Presentation of Financial Statements', has been adopted. The revised standard prohibits the presentation of items of income and expense in the statement of changes in equity, requiring non-shareholder changes in equity to be presented separately from shareholder changes in equity. All non-shareholder changes in equity are required to be presented in a performance statement. IAS 1 (Revised) permits a choice between presenting a single performance statement (being a Statement of Comprehensive Income) or two statements (being an Income Statement and a Statement of Comprehensive Income). The Group has elected to present two statements.

IFRS 7 'Financial Instruments' – Disclosures (Amended) has been adopted. The amendment requires enhanced disclosures about fair value measurement and liquidity risk.

IFRS 8 'Operating Segments', has been adopted. This standard replaces IAS 14 'Segment Reporting' and effectively requires segmental information reported to be based on that which the Group's Executive Committee, which is considered to be the Group's chief operating decision maker, uses internally for the purposes of evaluating the performance of the Group's operating segments. Note 2 sets out the Group's reportable segments and sets out reconciliations between these and the results reported in the income statement. Following the change in operating segments, the results of the joint ventures are now considered operating activities and as such are disclosed in operating profit. The Group has early adopted the annual improvement to IFRS 8, resulting in disclosure of the information reviewed by the Group's Executive Committee.

IAS 23 'Borrowing Costs (Revised)' has been revised to require capitalisation of borrowing costs on qualifying assets and the Group has amended its accounting policy accordingly. In accordance with the transitional requirements of the standard, the capitalisation of borrowing costs has been adopted as a prospective change from the commencement date of 1 April 2009. No change has been made for borrowing costs incurred prior to this date that have been expensed. Since adoption, the Group has incurred no borrowing costs on qualifying assets which are required to be capitalised.

2. Segmental information

Segmental disclosures for the year ended 31 March 2010 are shown below.

	Capital Markets	Post Trade Services	Information & Technology Services	Other	Group
	£m	£m	£m	£m	£m
Revenue	**287.4**	**100.0**	**216.6**	**1.6**	**605.6**
Net interest income from CCP business	**-**	**16.2**	**-**	**-**	**16.2**
Other income	**-**	**-**	**-**	**6.5**	**6.5**
Total income	**287.4**	**116.2**	**216.6**	**8.1**	**628.3**
Expenses					
Depreciation and non-acquisition software amortisation	**(34.3)**	**(3.5)**	**(24.3)**	**(0.7)**	**(62.8)**
Other non-exceptional expenses	**(146.1)**	**(42.2)**	**(92.7)**	**(5.8)**	**(286.8)**
Share of profit/(loss) after tax of joint venture/associates	**(1.9)**	**-**	**3.5**	**-**	**1.6**
Operating profit before amortisation of purchased intangible assets and exceptional items	**105.1**	**70.5**	**103.1**	**1.6**	**280.3**
Amortisation of purchased intangibles					**(54.3)**
Exceptional costs					**(43.7)**
Operating profit					**182.3**
Net finance expense					**(40.7)**
Profit on disposal of shares in subsidiaries					**2.7**
Profit before taxation					**144.3**

Net interest income through CCP business of £16.2m comprises gross interest income of £498.3m less gross interest expense of £482.1m.

Comparative segmental disclosures for the year ended 31 March 2009 are as follows:

	Capital Markets	Post Trade Services	Information & Technology Services	Other	Group
	£m	£m	£m	£m	£m
Revenue	341.5	91.6	207.5	4.1	644.7
Net interest income from CCP business	-	20.8	-	-	20.8
Other Income	-	-	-	5.9	5.9
Total income	341.5	112.4	207.5	10.0	671.4
Expenses					
Depreciation and non-acquisition software amortisation	(16.9)	(3.3)	(15.5)	(0.7)	(36.4)
Other non-exceptional expenses	(159.9)	(38.7)	(78.8)	(19.0)	(296.4)
Share of (loss)/profit after tax of joint ventures / associates	(0.1)	-	2.2	-	2.1
Operating profit/(loss) before amortisation of purchased intangible assets and exceptional items	164.6	70.4	115.4	(9.7)	340.7
Amortisation of purchased intangible assets					(49.4)
Exceptional integration costs					(15.2)
Operating profit before impairment					276.1
Impairment of goodwill					(484.0)
Operating loss					(207.9)
Net finance expense					(44.9)
Profit on disposal of shares in subsidiaries					2.0
Loss before taxation					(250.8)

Net interest income through CCP business of £20.8m comprises gross interest income of £671.0m less gross interest expense of £650.2m.

The comparatives are shown following restatement of the segmental disclosure.

3. Employee costs

Employee costs comprise the following:

	2010	2009
	£m	£m
Salaries and other short term benefits	**84.5**	82.4
Social security costs	**15.5**	13.9
Pension costs	**7.5**	6.8
Share based compensation	**3.5**	10.2
Total	**111.0**	113.3

	2010					2009		
The number of employees in the Group was:	**UK**	**Italy**	**Sri Lanka**	**Other**	**Total**	UK	Italy	Total
At the year end	**539**	**458**	**461**	**30**	**1,488**	570	565	1,135
Average for the year	**568**	**496**	**453**[1]	**28**	**1,545**	592	583	1,175

The employees within Sri Lanka arose from the acquisition of MillenniumIT.
The employees within Euro MTS and MTS Next are shown in the UK headcount figures in 2010 compared to Italy in the prior year, to reflect the principal location of these employees.

[1] Average from date of acquisition

4. Impairment, amortisation of purchased intangible assets and exceptional items

	Notes	**2010 £m**	2009 £m
Impairment of goodwill	9	**-**	(484.0)
Amortisation of purchased intangible assets		**(54.3)**	(49.4)
Restructuring costs		**(30.1)**	-
Integration costs		**(13.6)**	(15.2)
Total affecting operating profit		**(98.0)**	(548.6)
Profit on disposal of shares in subsidiary		**0.3**	-
Exceptional finance expenses:			
Bond adjustment to reflect changes in valuation of cash flows		**-**	3.7
Loss on cash flow hedge recycled to income statement		**-**	(7.9)
Loss on gilt lock contract in the year		**-**	(2.7)
Total affecting profit before tax		**(97.7)**	(555.5)
Tax effect on items affecting profit before tax and tax exceptional items			
Deferred tax on amortisation of purchased intangible assets		**9.4**	8.5
Tax effect on other items affecting profit before tax		**11.9**	6.2
Total tax effect on items affecting profit before tax and tax exceptional items		**21.3**	14.7
Total charge to income statement		**(76.4)**	(540.8)

Restructuring costs comprise £17.1m one-off implementation costs arising from the cost savings programme announced in July 2009 resulting in a reduction of 133 heads, and the departure of the Deputy Chief Executive, and £13.0m of property restructuring costs relating to the subletting of part of our Paternoster Square premises. The property restructuring costs include provision for onerous lease costs and the write off of prior leasehold improvements.

Current year integration costs include £12.4m related to the acquisition of Turquoise Trading Ltd and the associated costs of integrating them with the Group together with £0.9m (2009: £15.2m) of residual costs related to the integration of the businesses of the London Stock Exchange and Borsa Italiana.

5. Net finance expense

	2010 £m	2009 £m
Finance income		
Bank deposit and other interest income	**2.5**	7.5
Expected return on defined benefit pension scheme assets	**11.8**	13.0
Fair value gains on financial instruments	**0.6**	-
Investment income	**0.3**	0.3
	15.2	20.8
Finance expense		
Interest payable on bank and other borrowings	**(38.9)**	(40.4)
Other finance costs	**(1.2)**	(2.8)
Interest on discounted provision for leasehold properties	**(1.2)**	(1.2)
Defined benefit pension scheme interest cost	**(14.6)**	(14.4)
	(55.9)	(58.8)
Exceptional finance expense		
Bond adjustment to reflect change in future coupon	**-**	3.7
Loss on cash flow hedge recycled to income statement	**-**	(7.9)
Loss on gilt lock contract in the year	**-**	(2.7)
Total exceptional finance expense	**-**	(6.9)
Total finance expense	**(55.9)**	(65.7)
Net finance expense	**(40.7)**	(44.9)

6. Taxation

Taxation charged to the income statement	**2010** **£m**	2009 £m
Current tax:		
UK corporation tax for the year at 28%	**27.8**	42.4
Overseas tax for the year	**37.4**	46.7
Adjustments in respect of previous years	**(6.9)**	(4.3)
	58.3	84.8
Deferred tax:		
Deferred tax for the current year	**2.1**	3.1
Adjustments in respect of previous years	**1.6**	2.6
Deferred tax on amortisation of purchased intangible assets	**(9.4)**	(8.5)
Taxation charge	**52.6**	82.0

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

Taxation on items not (credited)/charged to income statement	**2010** **£m**	2009 £m
Current tax (credit):		
Tax allowance on share options/awards in excess of expense recognised	**(0.4)**	(1.1)
Deferred tax charge/(credit):		
Defined benefit pension scheme actuarial losses	**(0.5)**	(3.2)
Tax allowance on share options/awards (less than)/greater than expense recognised	**(0.6)**	2.1
	(1.5)	(2.2)

Factors affecting the tax charge for the year

The reconciling items between the profits multiplied by the UK rate of corporation tax rate 28 per cent and the income statement tax charge for the year are explained below:

	2010 **£m**	2009 £m
Profit/(loss) before taxation	**144.3**	(250.8)
Profit/(loss) multiplied by the UK rate of corporation tax at 28%	**40.4**	(70.2)
Expenses not deductible	**2.6**	10.5
Impairment of goodwill	**-**	135.5
Share of joint venture and associates consolidated at profit/(loss) after tax	**(0.5)**	(0.6)
Overseas earnings taxed at higher rate	**9.7**	3.2
Adjustments in respect of previous years	**(5.3)**	(1.7)
Amortisation of purchased intangible assets	**5.7**	5.3
Taxation charge	**52.6**	82.0

The weighted average statutory tax rate for the Group was 30 per cent (2009: 30 per cent).

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 acquisition impairment and amortisation, and exceptional items to enable comparison of the underlying earnings of the business with prior periods.

	2010	2009
Basic earnings/(loss) per share	**33.8p**	(126.1)p
Diluted earnings/(loss) per share	**33.5p**	(126.1)p
Adjusted basic earnings per share	**60.1p**	74.2p
Adjusted diluted earnings per share	**59.6p**	73.6p

	£m	£m
Profit/(loss) for the financial year attributable to equity holders	**90.4**	(338.0)
Adjustments:		
Amortisation of purchased intangible assets	**54.3**	49.4
Impairment of goodwill	**-**	484.0
Restructuring costs	**30.1**	-
Integration costs	**13.6**	15.2
Exceptional profit on disposal of shares in subsidiary	**(0.3)**	-
Exceptional finance expenses	**-**	6.9
Tax effect of amortisation and exceptional items and tax exceptional item	**(21.3)**	(14.7)
Exceptional items, amortisation and taxation attributable to minority interests	**(6.0)**	(3.9)
Adjusted profit for the financial year attributable to equity holders	**160.8**	198.9

Weighted average number of shares – million	**267.6**	268.1
Effect of dilutive share options and awards – million	**2.4**	-
Diluted weighted average number of shares – million	**270.0**	268.1

The weighted average number of shares excludes those held in the ESOP. The effect of dilutive share options only applies to periods in which there is a profit. The effect of dilutive share options and awards at 31 March 2010 was 2.4 million (2009: 2.0 million).

8. Dividends

	2010	2009
	£m	£m
Final dividend for 2009 paid August 2009: 16.0p per Ordinary share (2008: 16.0p)	**42.7**	42.9
Interim dividend for 2010 paid January 2010: 8.4p per Ordinary share (2009: 8.4p)	**22.5**	22.4
	65.2	65.3

The Board has proposed a final dividend in respect of the year ended 31 March 2010 of 16.0p per share, which is estimated to amount to £42.9m, to be paid on 16 August 2010.

9. Intangible assets

Group	Goodwill	Purchased intangible assets: Customer and Supplier Relationships	Purchased intangible assets: Brands	Purchased intangible assets: Software, licences and and intellectual property	Software	Total
	£m	£m	£m	£m	£m	£m
Cost:						
1 April 2008	1,082.2	621.2	9.6	97.5	137.6	1,948.1
Additions	0.5	0.8	0.1	-	35.2	36.6
Disposals	-	-	-	-	(8.6)	(8.6)
Foreign exchange	170.6	99.6	1.5	15.6	1.1	288.4
31 March 2009	1,253.3	721.6	11.2	113.1	165.3	2,264.5
Additions	-	-	-	-	30.3	30.3
Acquisition of subsidiaries	10.2	4.1	0.3	12.9	2.0	29.5
Disposals	(0.7)	-	-	-	-	(0.7)
Foreign exchange	(45.0)	(26.4)	(0.4)	(2.8)	(0.5)	(75.1)
31 March 2010	**1,217.8**	**699.3**	**11.1**	**123.2**	**197.1**	**2,248.5**
Amortisation and accumulated impairment:						
1 April 2008	21.1	14.7	0.5	9.3	80.6	126.2
Amortisation charge for the year	-	29.6	1.0	18.8	20.3	69.7
Impairment charge	484.0	-	-	-	-	484.0
Disposals	-	-	-	-	(8.5)	(8.5)
Foreign exchange	-	4.9	0.2	3.1	-	8.2
31 March 2009	505.1	49.2	1.7	31.2	92.4	679.6
Amortisation charge for the year	-	31.3	1.1	21.9	50.6	104.9
Foreign exchange	(17.5)	(1.0)	-	(1.4)	(0.2)	(20.1)
31 March 2010	**487.6**	**79.5**	**2.8**	**51.7**	**142.8**	**764.4**
Net book values:						
31 March 2010	**730.2**	**619.8**	**8.3**	**71.5**	**54.3**	**1,484.1**
31 March 2009	748.2	672.4	9.5	81.9	72.9	1,584.9

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 of £730.2m (2009: £748.2m) arising on consolidation primarily represents the growth potential and assembled workforces of the Borsa Italiana group, MillenniumIT and Turquoise.

10. Financial instruments by category

The financial instruments of the Group are categorised as follows:

31 March 2010	**2010** **£m**	2009 £m
Assets as per balance sheet		
Financial assets of the CCP clearing business		
- CCP trading assets	**5,467.9**	5,480.5
- Receivables for repurchase transactions	**72,687.0**	25,302.5
- Other receivables from clearing members	**1,489.8**	1,287.6
- Financial assets held at fair value	**24.6**	7.3
- Cash and cash equivalents of clearing members	**4,580.7**	3,596.6
Financial assets of the CCP clearing business	**84,250.0**	35,674.5
Assets held at fair value	**9.5**	5.0
Total financial assets for CCP clearing	**84,259.5**	35,679.5
Trade and other receivables	**132.2**	114.5
Cash and cash equivalents	**223.1**	143.7
Available for sale financial assets	**0.4**	0.4
Derivative financial instruments	**0.6**	-
Total	**84,615.8**	35,938.1

31 March 2010	**2010** **£m**	2009 £m
Liabilities as per balance sheet		
Financial liabilities of the CCP clearing business		
- CCP trading liabilities	**5,467.9**	5,480.5
- Liabilities under repurchase transactions	**72,687.0**	25,302.5
- Other payables to clearing members	**6,078.3**	4,889.0
- Financial liabilities held at fair value	**24.3**	7.2
Financial liabilities of the CCP clearing business	**84,257.5**	35,679.2
Borrowings	**606.7**	624.8
Derivative financial instruments	**19.0**	1.6
Total	**84,883.2**	36,305.6

11. Group Borrowings

	2010	2009
	£m	£m
Current		
Bank borrowings and trade finance loans	**0.9**	-
Redeemable class B shares	**-**	2.3
	0.9	2.3
Non-current		
Bond	**499.6**	252.6
Bank borrowings	**106.2**	369.9
	605.8	622.5

The Group has the following unsecured bank facilities:

Type	Expiry date	Facility £m	Value at 31 March 2010 £m	Interest rate percentage at 31 March 2010
Multi-currency revolving credit facility	October 2011	25.0	-	LIBOR + 0.8
Multi-currency revolving credit facility	February 2012	200.0	-	LIBOR + 1.25
Multi-currency revolving credit facility	July 2013	250.0	107.1	LIBOR + 0.8
Capitalised bank facility arrangement fees		-	(0.9)	
Total bank facilities		475.0	106.2	
Notes issued July 2006	July 2016	250.0	252.3	6.125
Notes issued June 2009	October 2019	250.0	247.3	9.125
Total Bonds		500.0	499.6	
Total Debt		975.0	605.8	

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 Italian government bonds. CC&G also has available to it €125m of committed facilities with banks, available for short term CCP related activity purposes only.

Current borrowings

MillenniumIT has a mixture of import loans and overdrafts drawn against on-demand facilities available in Sri Lanka. The import loans are drawn in Sri Lankan Rupees (LKR) and are priced at 2.75 per cent per annum over Sri Lankan LIBOR. The overdrafts are drawn partly in LKR and partly in USD with pricing at 1.5 per cent per annum and 4 per cent per annum over Sri Lankan LIBOR and US dollar LIBOR respectively.

Non-current borrowings

In July 2006, the Group issued a £250m bond which is unsecured and is due for repayment in 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 the Group's credit rating with Moody's. Moody's rating improved from Baa3 (positive outlook) to Baa2 (stable) in February 2009.

The bond coupon was 6.375 per cent at the start of the last financial year but the impact of the rating improvement was to reduce the coupon to 6.125 per cent from July 2009. There were no further changes to the coupon during the year. In June 2009 the Group issued another £250m bond which is unsecured and is due for repayment in 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 Group's credit rating. The bond coupon was 9.125 per cent throughout the financial year.

As at 31 March 2010 the Group had drawn £107.1m (2009: £371.5m) from its unsecured committed revolving facilities.

12. Analysis of net debt

	2010 £m	2009 £m
Due within one year		
Cash and cash equivalents	**223.1**	143.7
Bank borrowings	**(0.9)**	-
Redeemable class B shares	**-**	(2.3)
Derivative financial assets	**0.6**	-
Derivative financial liabilities	**(2.7)**	(1.6)
	220.1	139.8
Due after one year		
Bank borrowings	**(106.2)**	(369.9)
Bond	**(499.6)**	(252.6)
Derivative financial liabilities	**(16.3)**	-
Total net debt	**(402.0)**	(482.7)

Reconciliation of net cash flow to movement in net debt

	2010 £m	2009 £m
Increase/(decrease) in cash in the year	**82.5**	(68.6)
Bank issue – notes due 2019	**(248.9)**	-
Bank loan repayments less new drawings	**257.3**	82.0
B share redemptions	**2.3**	5.3
Other repayments	**-**	1.2
Change in net debt resulting from cash flows	**93.2**	19.9
Foreign exchange movements	**3.2**	(13.0)
Movement on derivative financial assets and liabilities	**(16.8)**	6.3
Bond valuation adjustment	**0.5**	3.5
Other non-cash movements	**0.6**	-
Net debt at start of year	**(482.7)**	(499.4)
Net debt at end of year	**(402.0)**	(482.7)

13. Ordinary share capital

	2010		2009	
Issued, called up and fully paid	**millions**	**£m**	millions	£m
Ordinary shares of 6 79/86p	**271.1**	**18.8**	270.5	18.7
Class B shares of £2	**-**	**-**	1.1	2.3
		18.8		21.0
Less: Class B shares designated as borrowings (see note 12)		-		(2.3)
Share capital		**18.8**		18.7

During the year the Group issued 0.5m shares in October 2009 at an average share price of £9.34 per share and 0.1m shares in February 2010 at an average share price of £6.55 per share in relation to the acquisition of MillenniumIT. The total consideration was £5.2m. The excess of the consideration over the nominal value has been charged against the merger reserve.

14. Net cash flow generated from operations

	2010	2009
	£m	£m
Profit/(loss) before taxation	**144.3**	(250.8)
Depreciation and amortisation	**123.0**	85.8
Impairment of goodwill and investment	**-**	484.0
Loss on disposal of property, plant and equipment	**2.3**	0.1
Profit on disposal of shares of subsidiaries/associates	**(2.7)**	(2.0)
Net finance expense	**40.7**	44.9
Share of (profit) after tax of joint ventures	**(1.6)**	(2.1)
Provisions created during the year	**9.2**	2.1
Provisions utilised during the year	**(3.2)**	(5.0)
Increase in inventories	**(1.1)**	-
(Increase)/decrease in trade and other receivables	**(15.5)**	15.2
Increase/(decrease) in trade and other payables	**8.7**	(32.7)
Increase/(decrease) in CCP clearing business liabilities	**49,498.8**	18,371.5
(Increase)/(decrease) in CCP financial assets	**(49,495.8)**	(18,371.2)
Defined benefit pension obligation - contributions in excess of expenses charged	**(4.9)**	(6.9)
Decrease in assets held at fair value from operating activities	**(4.6)**	9.9
Share scheme expense	**3.5**	10.2
Foreign exchange losses/(gains) on operating activities	**0.1**	(0.4)
Cash generated from operations	**301.2**	352.6
Comprising:		
Ongoing operating activities	**325.0**	378.9
Exceptional items	**(23.8)**	(26.3)
	301.2	352.6

15. Commitments and contingent liabilities

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were £2.0m (2009: nil) and £3.1m (2009: £7.6m) respectively.

The Group will fully fund the cash needs of Turquoise, within an agreed framework, for the first 24 months from acquisition.

16. Business combinations

In the year to 31 March 2010 the Group made two acquisitions involving the acquisition of 100% of the issued share capital of each company.

Due to the share for share consideration for Turquoise, the Group's shareholding stood at 60% immediately post transaction. This was reduced to 51% following a disposal of 9% of the shareholding on 5 March 2010.

Acquisitions in the year to 31 March 2010

					Contribution post-acquisition	
	Date acquired	Consideration[1]	Goodwill	Fair value of assets acquired	Revenue	Operating profit/(loss)
Company acquired		£m	£m	£m	£m	£m
Sri Lanka						
Millennium Information Technologies Ltd (MillenniumIT)	16 October 2009	19.1	1.5	17.6	6.7	0.5
UK						
Turquoise Trading Ltd (Turquoise)	17 February 2010	16.1	8.7	7.4	0.3	(1.8)
Total		35.2	10.2	25.0	7.0	(1.3)

[1] Consideration includes acquisition costs

If both acquisitions had occurred on 1 April 2009, estimated Group revenue for the year would have been £613.0m with operating profit (before acquisition amortisation and exceptional items) of £263.5m. These amounts have been calculated using the Group's accounting policies.

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

	Millennium Information Technologies Ltd		Turquoise Trading Ltd		Total	
	Book value	Fair value adjustment	Book value	Fair value adjustment	Book value	Fair value
	£m	£m	£m	£m	£m	£m
Non-current assets:						
Intangible assets	1.0	14.0	0.7	3.3	1.7	19.0
Property, plant and equipment	2.7	-	1.2	-	3.9	3.9
Other non-current assets	-	-	0.6	-	0.6	0.6
Current assets:						
Cash and cash equivalents	0.1	-	5.1	-	5.2	5.2
Other current assets	4.2	-	1.0	-	5.2	5.2
Current liabilities:						
Other current liabilities	(4.4)	-	(4.1)	-	(8.5)	(8.5)
Non-current liabilities:						
Deferred tax liability	-	-	-	(0.4)	-	(0.4)
Net assets	3.6	14.0	4.5	2.9	8.1	25.0
Goodwill	-	1.5	-	8.7	-	10.2
Total consideration	3.6	15.5	4.5	11.6	8.1	35.2
Satisfied by:						
Cash (including transaction fees)						16.5
Shares						18.7
						35.2

The fair value adjustments include:

Millennium Information Technologies Ltd

The £14.0m of intangible assets arising on consolidation represents £12.0m of purchased intellectual property, £1.4m of customer contracts, £0.4m of supplier relationships and £0.2m of brand value. 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 £1.5m arising on consolidation represents the future synergies and growth potential of MillenniumIT as part of the Group and its assembled workforce. These fair values are still preliminary and will be finalised during the following financial year.

Turquoise Trading Ltd

The £3.3m of intangible assets arising on consolidation represents £2.3m of customer relationships, £0.1m of brands and £0.9m of licences. 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 £8.7m arising on consolidation represents the future synergies with the Group and growth potential of Turquoise Trading Ltd and its assembled workforce. The carrying value of Turquoise goodwill as at 31 March 2010 is £8.3m due to a deemed disposal of £0.4m on 5 March 2010 on the sale of a nine per cent interest to third parties. These fair values are still preliminary and will be finalised during the following financial year.

17. Abridged Accounts

These abridged accounts do not constitute, but have been extracted from, the Group's statutory financial statements. The statutory financial statements, which include an unqualified audit report, will be delivered to the Registrar of Companies in due course.