15 May 2013

LONDON STOCK EXCHANGE GROUP PLC

ANNOUNCEMENT OF PRELIMINARY RESULTS FOR YEAR ENDED 31 MARCH 2013

- Further strong progress as the Group delivers on its strategy for growth, increased global scale and reach

- Good financial and operational performance from an increasingly diversified business against a backdrop of challenging markets

- Revenue up 7 per cent at £726.4 million (2012: £679.8 million); adjusted total income[1] up 5 per cent at £852.9 million (2012: 814.8 million)

- Core operating costs[1] held flat, before impact of acquisitions and FX; operating expenses[1] up 12 per cent to £422.7 million, reflecting acquisitions (2012: £378.8 million)

- Adjusted operating profit[1] 3 per cent lower at £430.2 million (2012: £441.9 million); operating profit also 3 per cent down at £348.4 million (2012: £358.5 million)

- Adjusted profit before tax[1] down 5 per cent at £380.7 million (2012: £400.6 million); profit before tax of £298.9 million (2012: £639.7 million, which included recognition of the increased value in FTSE)

- Adjusted basic EPS[1], including tax credits, up 5 per cent at 105.3 pence (2012: 100.6 pence); basic EPS of 80.4 pence (2012: 193.6 pence, including recognition of the increased value of our interest in FTSE)

- Proposed final dividend up 4 per cent to 19.8 pence per share; total dividend for the year increased 4 per cent to 29.5 pence per share. The final dividend will be paid on 19 August 2013 to shareholders on the register on 26 July 2013

- Completion of acquisition of majority stake in LCH.Clearnet on 1 May 2013; work is underway to achieve the benefits of this transformational deal

[1] before acquisition amortisation and non-recurring items

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

“This has been another year of significant progress as we have become a more international and more diversified business. The successful execution of our strategy has produced tangible operational and financial benefits and positions us well for further growth opportunities.

“We remain firmly focused on capitalising on the many opportunities that are available to us and to creating long term value.”

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

"The Group has delivered a good full year performance with 7 per cent revenue growth and a 5 per cent increase in adjusted earnings per share.

"We have expanded our scale and reach, launched innovative new products and partnered with customers to develop new ventures. FTSE has performed well and is embedded as a core part of our business, and MillenniumIT has increased its third party sales as well as delivering key technology upgrades for the Group. These achievements, and other initiatives we have undertaken to become more efficient and diversify our business, have laid strong foundations on which to continue to build and drive the Group forward. We are optimistic about the year ahead and we will continue to focus on building best in class capabilities, extending our global footprint and to developing opportunities, now with LCH.Clearnet as part of the Group."

SUMMARY FINANCIAL RESULTS

	Year ended 31 March			Organic and constant currency
	2013	**2012**	**Variance**	**variance**
	£m	**£m**	**%**	**%**
Revenue				
Capital Markets	**267.5**	301.9	(11%)	(9%)
Post Trade Services	**91.8**	101.6	(10%)	(4%)
Information Services	**306.3**	218.9	40%	4%
Technology Services	**56.1**	52.6	7%	11%
Other revenue	**4.7**	4.8	(2%)	0%
Total revenue	**726.4**	679.8	7%	(3%)
Net treasury income through CCP business	**116.7**	126.9	(8%)	(4%)
Other income[1]	**9.8**	8.1	21%	23%
Adjusted total income[1]	**852.9**	814.8	5%	(3%)
Operating expenses[1]	**(422.7)**	(378.8)	12%	1%
Share of profit of JVs and associates	**-**	5.9	-	
Adjusted operating profit[1]	**430.2**	441.9	(3%)	(6%)
Amortisation of purchased intangibles and non-recurring items	**(81.8)**	(83.4)	(2%)	
Operating profit	**348.4**	358.5	(3%)	5%
Profit on disposal / acquisition of shares in subsidiary and joint ventures	**-**	324.3		
Basic earnings per share (p)	**80.4**	193.6	(58%)	
Adjusted basic earnings per share (p) [1]	**105.3**	100.6	5%	
Dividend (p)	**29.5**	28.3	4%	

Adjusted basic earnings per share[1] of 105.3 pence includes a 5.4 pence benefit from a one-time £14.6 million tax credit relating to prior years. Basic EPS of 193.6 pence in the prior year includes recognition of the increased value of the Group's interest in FTSE

[1]*before amortisation of purchased intangibles and non-recurring items*

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

Unless otherwise stated, all figures refer to the year ended 31 March 2013 and comparisons are against the same corresponding period in the previous year

Outlook

The initiatives we have undertaken to become more efficient and to diversify our business have laid the strong foundations on which to build and drive the Group forward. Our industry remains in the middle of widespread structural change, but the strength and breadth of our business make us well positioned to benefit from these changes, as well as the opportunities presented by an improving economic environment. In the year ahead, we will remain firmly focused on achieving the expected benefits from recent transactions and investment in new products, as well as continuing to seek new growth opportunities. We look ahead with optimism as we continue to develop opportunities to meet the needs of our customers and deliver value for shareholders.

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

Chief Executive's Review

Overview

This has been another significant year of progress for the Group. We are fast becoming a truly international organisation, and this year we have continued to innovate and build our global reach, delivering against our diversification strategy and reporting a good financial performance.

Today, the Group has a strong, complementary portfolio of global brands, services and products. Through our offering, we look to partner with our customers, helping drive their, and our, success across different markets, asset classes and geographies. Capital raising, risk management, intellectual property and technology provide some of the most exciting opportunities for us. It is these areas in particular that continue to be a core focus for us.

Quality and Excellence

As a Group, delivering quality and excellence is embedded in all that we do. MillenniumIT, our world-class proprietary technology business, is now providing market infrastructure technology to over 30 companies around the world. Its low cost, high speed, proven technology delivers best-in class capital markets technology and, three years since joining the Group, MillenniumIT has more than fulfilled our expectations. The successful migrations of Borsa Italiana, Oslo Børs and Johannesburg Stock Exchange in 2012, have enabled us to fully decommission our legacy platform and are text book examples of how this low-cost, flexible, resilient technology is changing the industry. Locating our technology locally helps support both customers and regulators and we continue to build on our success, competing for and winning new business including contracts with HKeX, LME, and a new partnership with Lima Stock Exchange. We also continued to develop our technology skill set through innovation and partnerships and we recently completed the acquisition of a majority stake in GATElab, a highly complementary technology business.

The Group's ability to attract companies, domestic and international, small and large, to list on its markets is reflected in a number of high-profile offerings in the past year including Direct Line, Sberbank and esure in London and Brunello Cucinelli and Moleskine in Milan. The Group has been a long-term advocate of the need for a fundamental rebalancing of our global economy, away from an excess of bank finance and debt, towards a more stable system where equity plays a greater role in funding growth. Earlier this year, London Stock Exchange announced plans to launch a new "High Growth Segment" on its Main Market to meet the needs of fast-growing companies. Acting as a launch pad this segment will help companies aspiring to seek a premium Main Market listing. The Group warmly welcomed the abolition of Stamp Duty in the UK on AIM shares in this year's budget, and continues to work with Government and other stakeholders in promoting and supporting policies that will help innovative, high growth, blue chip companies of tomorrow to thrive.

Private investor demand for access to fixed income has been reflected in the performance of the Group's retail bond platforms, MOT in Italy and ORB in the UK. MOT has over 350 listed corporate bonds and regularly sees €1 billion of trading a day. A new professional segment on ExtraMOT, dedicated to the trading of debt instruments issued by both listed and unlisted Italian companies, has provided companies with a flexible and accessible source of finance without an overly extensive listing process. Over £3 billion has been raised on ORB in the three years since it was launched and the new FTSE ORB Index, which is the first performance benchmark for retail bonds trading on ORB, signifies the increasing maturity of the market and growing secondary market liquidity.

Our fixed income platform, MTS, has responded to the regulatory drive to bring efficient, transparent access to European fixed income markets. MTS Credit, a pioneering new electronic platform for the trading of euro denominated non-government bonds, has signed its first prime bank to the service. MTS also launched a new daily repo index, Repo Funds Rate. In derivatives, our innovative new derivatives market for durum wheat, AGREX, commenced trading on our IDEM platform. The Group continues to develop its position as a leading marketplace for Russian index and equity derivatives.

The International Board, which we announced last year, has begun trading in collaboration with our first partner, Singapore Stock Exchange. The new trading initiative will extend trading hours for the most actively traded securities in both markets to around 15 hours each day, providing more opportunities for investment, trading, and risk management for participants in London and Singapore. Over time we believe it could enable the development of 24-hour global trading in cash equities.

Partnership and Innovation

The acquisitions we have made over the past four years have helped to transform the Group. Most notably, MillenniumIT, FTSE and more recently the purchase of a majority stake in LCH.Clearnet completed in May 2013. Each of these offer long-term diversification, heightened opportunities for collaboration and strong growth prospects.

We not do not believe in a 'one size fits all model'. Rather, we believe that our offering needs to be tailored for different customers, markets and geographies. This is particularly true in technology where we locate our technology infrastructure close to our customers and regulators, delivering cost, oversight and commercial advantages to both. This approach differentiates the way we operate and has partnership and innovation at its core. We think this offers the optimum product and service for our customers, the optimum strategy for our business, and the optimum opportunity for us to deliver value for investors.

LCH.Clearnet brings to the Group greater breadth and depth of offering, new customers, new skills and expertise, but above all it champions a customer preferred model in multi-asset, multi-venue clearing and risk management services. The open-access horizontal model is unique in our industry and promotes customer choice and collateral efficiency, partnership and collaboration. The model is structured in such a way as to give regulators and the market enhanced levels of comfort from the greater systemic resiliency that open-access ultimately provides. Better, more efficient risk management is a key driver of change in our industry and we believe that LCH.Clearnet will be the first choice for a host of new and existing trading venues resulting from the implementation of Dodd-Frank in the US and EMIR in Europe for the simple reason that most competitors operate closed, vertical silos. I would like to warmly welcome Jacques Aigrain, Ian Axe, the LCH.Clearnet management team and staff across the world, to the Group. We very much look forward to working together.

We continue to see the benefits of the full inclusion of FTSE in the Group. FTSE's successful track record of winning new business by competing on product attractiveness, service and innovation was highlighted by Vanguard's selection of FTSE as the index benchmark provider for six of their international equity index funds. It marked the largest ever international index benchmark provider switch and underlines FTSE's continued growth as a global brand. FTSE further reinforced its global business development ambitions with a joint venture with TMX Datalinx, which will see it become the third largest fixed income ETF index provider globally, with over US$1 trillion in assets under management.

In a natural extension to its existing product offering, UnaVista has applied to become a Trade Repository. With the increased regulatory obligations coming into force, UnaVista will be able to provide customers with a simple, one-stop reporting solution for both EMIR and MiFID.

Management

We have further strengthened the Group's executive management team over the past year to reflect our increased diversification and international presence.

David Warren and Alexander Justham have both joined the Group, bringing a wealth of experience in financial markets to their respective roles as Group Chief Financial Officer and CEO of London Stock Exchange plc. Antoine Shagoury also took on the role of COO in addition to his role as CIO, and David Lester was appointed Group Director of Strategy. Mark Makepeace joined the Executive Committee as Group Director of Information Services.

The Group has also taken steps, reflecting the expanding and changing nature of the Group, to significantly strengthen its audit and risk management capabilities with the appointments of a new Chief Risk Officer, Diane Côte, and a new Head of Internal Audit. Diane Côte and Ian Axe, CEO of LCH.Clearnet, join the Executive Committee following the year end.

Outlook and Priorities

The Group has continued to make significant strides forward in the execution of its stated strategy. The initiatives we have undertaken over the past few years to become more efficient and to diversify our business have laid the strong foundations on which to build and drive the Group forward. Our industry remains in the middle of widespread structural change, but the strength and breadth of our business make us well positioned to benefit from these changes, as well as the opportunities presented by an improving economic environment. In the year ahead, we will remain firmly focused on achieving the expected benefits from recent transactions and investment in new products, as well as continuing to seek new growth opportunities.

Our active engagement with policy makers around the world promoting safe, transparent and successful competitive markets is demonstrating the vital role that strong capital market infrastructure plays. The Group's place in society has never been more relevant, from job creation by improving access to equity financing for SMEs, to the provision of critical risk management infrastructure, through LCH.Clearnet. It is our belief that strong capital markets infrastructure is a bedrock of economic prosperity.

The coming year will see us consolidate on the progress we have made. As ever, there is always more to do, but we are optimistic about the year ahead and we will continue to focus on building best in class capabilities, extending our global footprint and to developing opportunities, now with LCH.Clearnet as part of the Group.

Financial Review

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

CAPITAL MARKETS

Year ended 31 March	**2013**	**2012**	**Variance**	**Variance at constant currency**
Revenue	**£m**	**£m**	**%**	**%**
Primary Markets				
Annual fees	**38.5**	39.5	(3)	(1)
Admission fees	**32.3**	37.0	(13)	(12)
Total Primary Markets	**70.8**	76.5	(7)	(6)
Secondary Markets				
Cash equities: UK	**79.9**	95.4	(16)	(16)
Cash equities: Italy	**24.6**	31.4	(22)	(17)
Derivatives	**13.4**	16.7	(20)	(16)
Fixed income	**34.4**	35.7	(4)	1
Total Secondary Markets	**152.3**	179.2	(15)	(13)
Other	**44.4**	46.2	(4)	-
Total revenue	**267.5**	301.9	(11)	(9)

The Capital Markets division faced significant headwinds through the year, resulting in supressed markets and weaker investor confidence. Despite this, we remained well positioned to benefit from rebounding confidence towards the end of the year, with quarter four revenues up eight per cent on quarter three revenues.

A decline in annual fees was due to suppressed market capitalisations in both the UK and Italy, as well as from reduced number of companies across all the main markets, partly offset by pricing changes in the UK.

Total money raised on our markets in the year was £18.0 billion (2012: £33.8 billion) reflecting the continued dampened confidence for new IPOs, and more significantly a decline in the value of further issues. Admissions to our primary markets continued to be affected by economic uncertainty with the number of new issues on the UK Main Market down 34 per cent to 40 and on AIM down 17 per cent to 74. Despite the lower volume of new issues and the reduction in further issues, admission fees declined by only 13 per cent, as the average value of new issues in 2013 was higher – particularly in the UK markets which were up three per cent.

On our cash equities market in the UK, the average orderbook daily value traded was £4.0 billion (2012: £4.7 billion). We have held our average yield on the SETS order book at 0.68 basis points (2012: 0.69 basis points), with the share of value traded improved at 65.3 per cent through the year (2012 average: 62.0 per cent). In Italy, order book volume decreased 13 per cent to 223,000 per day (2012: 260,000). Revenue from Turquoise equities, our pan-European equities platform, also decreased due to lower value traded, caused by an overall contraction in the market. The annual average share of European equity trading improved for the second successive year to 5.6 per cent and, by the end of the year, had increased to eight per cent, the highest in three years.

Derivatives revenue decreased, as both IDEM volumes shrank and Turquoise was affected particularly by a decrease in Russian contract volumes. In Fixed Income, MOT volumes grew 11 per cent, while in MTS, good performance in our MTS Repo (volumes up 14 per cent) and BondVision (value traded up 17 per cent) markets were partially offset by a decline in volumes in cash markets. Other capital markets revenues of £44.4 million primarily comprise fees for membership of and connectivity to our markets.

POST TRADE SERVICES

Year ended 31 March

	2013	**2012**	**Variance**	**Variance at constant currency**
Revenue	**£m**	**£m**	**%**	**%**
Clearing	**36.1**	41.1	(12)	(7)
Settlement	**15.5**	18.9	(18)	(13)
Custody & other	**40.2**	41.6	(3)	2
Total revenue	**91.8**	101.6	(10)	(4)
Net treasury income through CCP business	**116.7**	126.9	(8)	(4)
Total income	**208.5**	228.5	(9)	(4)

Post Trade Services has seen small declines across all revenue and income lines, with a year on year decrease in income of nine per cent to £208.5 million. The European Market Infrastructure Regulation (EMIR) will come into effect during our financial year 2014 and we remain well placed to be compliant by this time.

Clearing volumes in cash equities and derivatives were down in line with lower trading in Capital Markets, which primarily led to the overall decrease in clearing revenues, offset by growth in fixed income.

Settlement contract volumes were negatively impacted by both larger clients implementing internal netting processes, as well as increased netting by central counterparties, which along with lower trading volumes, led to an overall decline in revenues of 18 per cent.

The average value of assets under custody grew by five per cent leading to an increase in year on year revenues from Custody and other on a constant currency basis. The main increase in assets under custody came in Government Bonds as structural reforms in Europe led to higher issues and increase in market values in the security type.

Net treasury income benefited from continued growth in fixed income volume through the CCP which led to average initial margin held increasing seven per cent to €10.1 billion (2012: €9.4 billion), in line with growth trends over recent years, with the percentage of initial margin held in cash averaging 80 per cent (2012: 78 per cent). The continued volatility in Italian markets and low liquidity in the Italian interbank market combined with the Group’s active treasury management largely maintained the returns made. The wider spreads in the second half of 2012 and the migration to secured investments in 2013 have seen a reduction in second half revenues of 32 per cent compared to prior year. EMIR will require CCPs to hold 95 per cent of margin in secured investments, which will lead to a decline in returns made during the coming financial year. We remain strongly focussed and dedicated to working with regulators, and are on track to be compliant within the required timeframe.

INFORMATION SERVICES

Year ended 31 March

Revenue	**2013** **£m**	**2012** **£m**	**Variance** **%**	**Organic and constant currency variance** **%**
FTSE Revenues	**134.1**	37.4	259	11
FTSE Royalties	-	13.1	(100)	-
Real time data	**96.9**	102.8	(6)	(4)
Other information services	**75.3**	65.6	15	13
Total revenue	**306.3**	218.9	40	4

The full year impact of the FTSE acquisition has led to a significant increase in revenues in the Information Services division. FTSE’s own revenue has seen a year on year increase of nine per cent, primarily driven by an increase in subscription revenues from net new business, and the migration of Vanguard ETFs to FTSE. We remain on track to achieve the three year target set for FTSE revenue synergies, with the SEDOL business benefiting in particular in 2013.

Real time data revenues were down six per cent year on year, as the UK continued to see professional terminal declines, down seven per cent in the year, while Italy saw a move to lower value terminals.

Other information services performed strongly, particularly in SEDOL and UnaVista, which also benefited from the full year impact of the purchase of TRS, the trade reporting mechanism to UK regulatory authorities.

TECHNOLOGY SERVICES

Year ended 31 March

Revenue	**2013** **£m**	**2012** **£m**	**Variance** **%**	**Organic and constant currency variance** **%**
MillenniumIT	**26.9**	22.2	21	34
Technology	**29.2**	30.4	(4)	(4)
Total revenue	**56.1**	52.6	7	11

MillenniumIT continued to perform well in the year. As well as developing technology for the Group, MillenniumIT had key deliverables with Oslo Børs, London Metal Exchange, and Bursa Malaysia, amongst others. MillenniumIT revenues also benefited further from higher revenues from its Enterprise Service Provision division.

The Group's Exchange Hosting service continued to perform well despite clients consolidating space, while the ASP business continued to deliver revenue growth through new clients and new product lines. 2013 key achievements included the UK equities market go live with MillenniumIT Ticker Plant – the Group's new real time data services technology, and Oslo Equities markets successfully migrating to the Millennium Exchange platform. During the period the Group also acquired a majority stake in GATElab, an Italy / UK based company supplying advanced technology for trading and post trade services around the world, further complementing existing technology capabilities and commitment to clients.

Operating expenses

Operating expenses before amortisation of purchased intangibles and non-recurring items were flat year on year on an organic and constant currency basis, taking into account estimated inflation. The acquisition of GATElab in December and the acquisitions of FTSE and TRS in the prior year led to a 14 per cent increase in year on year costs. We remain committed to maintaining high levels of cost control, including realising synergies as part of the FTSE acquisition, where again we are in line to achieve our three year target.

Non-recurring costs of £11.3 million were mainly professional fees incurred in relation to the LCH.Clearnet transaction and FTSE integration costs, offset by non-recurring other income of £18.3 million received from TMX Group following the termination of the 2010 merger agreement.

Finance income and expense and taxation

Net finance costs increased by £6.9 million, mainly as a result of higher fixed interest accruals on the £300 million retail bond issued in November 2012. The Group's effective tax rate on profit before amortisation of purchased intangibles and non-recurring items and excluding a one-time prior years' adjustment of £14.6 million was 29.0 per cent, in line with the prior year (2012: 29.2 per cent), as higher proportional profits in Italy which attract higher tax rates, were offset by a reduction of UK 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 five per cent to £487.5 million. Total investment in the year, net of dividends received, was £59.4 million as the Group invested £14.3 million in the purchase of 2.3 per cent of LCH.Clearnet and the acquisition of GATElab along with £46.4 million on capital expenditure.

At 31 March 2013, the Group had net assets of £1,599.0 million (2012: £1,449.7 million). Intangible assets decreased by £68.1 million, mainly reflecting the amortisation of purchased intangible assets, partly offset by goodwill and purchased intangibles recognised from the purchase of GATElab. 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. Increased repurchase agreement balances led to higher gross year end positions.

NET DEBT, FACILITIES AND CREDIT RATING

	2013	2012
	£m	£m
Gross borrowings	**796.8**	757.1
Cash and cash equivalents	**(446.2)**	(216.0)
Net derivative financial assets	**(0.7)**	(3.1)
Net debt	**349.9**	538.0
Cash set aside	**200.0**	165.0
Operating net debt	**549.9**	703.0

At 31 March 2013, the Group had operating net debt of £549.9 million after setting aside £200 million to meet regulatory, clearing and commercial requirements. Following the changes to European regulations under EMIR, CC&G has satisfied its regulator, Bank of Italy, that it will meet the new requirements, with its financial position during the year underpinned by strong organic profits and cash generation.

The Group’s gross borrowings increased by £39.7 million, following the issue of a £300 million bond to UK retail investors which was completed on 2 November 2012. The pricing and size of this bond was a milestone in the development of that market and played a useful part in supporting the growth during 2012 of the Group’s Orderbook for Retail Bonds platform. The new borrowing extended the average maturity of the Group’s drawn debt to over 6 years and the proceeds allowed the full repayment of drawn bank facilities. At 31 March 2013, the Group had drawn debt and committed credit lines totalling £1.65 billion, with £1.4 billion extending to December 2014 or beyond. With £850 million of undrawn bank lines available, together with a strong cash position, the Group had comfortable headroom ahead of the planned completion of the acquisition of a further 55.5 per cent of LCH.Clearnet Group, the associated subsequent funding of LCH.Clearnet Group’s increased regulatory capital requirements and, separately, the investment in the FTSE TMX Debt Capital Markets joint venture.

The Group’s interest cover (the coverage of net finance expense by earnings before interest, taxation, depreciation and amortisation, both before non-recurring items) reduced to 9.5 times (2012: 11.8 times) due to a reduction in EBITDA and the cost of the longer term retail bond increasing the Group’s average cost of debt. However, the Group’s cash generation remained strong, which resulted in a reduction in operating net debt to adjusted EBITDA to 1.2 times (2012: 1.4 times on a pro forma basis as if the Group had owned 100 per cent of FTSE for the whole year), despite the increase in cash set aside to meet regulatory, clearing and commercial requirements. On an illustrative pro forma basis taking into account the LCH.Clearnet transaction, the enlarged Group operating net debt to adjusted EBITDA would be 2.0 times, which is in line with the position announced on 7 March 2013. The FTSE TMX Debt Capital Markets joint venture completed after the year end and would increase this ratio to 2.1 times on an illustrative pro forma basis.

The Group’s long term credit ratings remain at A- with Standard & Poor’s and Baa2 with Moody’s. Standard & Poor’s concluded its watch review of the LCH.Clearnet transaction by affirming on 3 May 2013 it’s A- rating and noting the positive impacts of recent investments made by the Group. However, Standard & Poor’s has assigned a negative outlook reflecting, amongst other factors, the risk that the Group underperforms against Standard and Poor’s leverage and debt servicing expectations in the year to 31 March 2014. Moody’s has affirmed its rating following completion of its own review with the movement of the outlook from negative to stable given the removal of a number of uncertainties for the agency around the transaction and the positive impact from further diversification of the business the LCH.Clearnet Group acquisition will bring.

Foreign Exchange

	2013	2012
Spot £/€ rate at 31 March	**1.18**	1.20
Average £/€ rate for the year	**1.23**	1.16

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 £9 million. The acquisition of FTSE has increased our foreign exchange exposure to the US Dollar in particular, though smaller exposures exist in Asia, Europe, Canada and the Middle East.

Earnings per share

The Group recorded an adjusted basic earnings per share, which excludes amortisation of purchased intangible assets and non-recurring items, of 105.3 pence, an increase of five per cent (2012: 100.6 pence), including 5.4 pence relating to the one-time prior years' tax adjustment. Basic earnings per share decreased by 58 per cent to 80.4 pence (2012: 193.6 pence), reflecting last year's non-recurring revaluation of our existing interest in FTSE following the acquisition of the outstanding 50 per cent not already owned in December 2011.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013		2013			2012		
Continuing operations	*Notes*	**Before acquisition amortisation and non-recurring items £m**	**Acquisition amortisation and non-recurring items £m**	**Total £m**	**Before acquisition amortisation and non-recurring items £m**	**Acquisition amortisation and non-recurring items £m**	**Total £m**
Revenue		**726.4**	**-**	**726.4**	679.8	-	679.8
Net treasury income through CCP business		**116.7**	**-**	**116.7**	126.9	-	126.9
Other income		**9.8**	**18.3**	**28.1**	8.1	-	8.1
Total income	2	**852.9**	**18.3**	**871.2**	814.8	-	814.8
Expenses							
Operating expenses		**(422.7)**	**(100.1)**	**(522.8)**	(378.8)	(81.0)	(459.8)
Share of profit after tax of joint ventures/associates		**-**	**-**	**-**	5.9	(2.4)	3.5
Operating profit/(loss)		**430.2**	**(81.8)**	**348.4**	441.9	(83.4)	358.5
(Loss)/profit on disposal/acquisition of shares in subsidiary and joint venture		**-**	**-**	**-**	(0.5)	324.3	323.8
Finance income		**14.5**	**-**	**14.5**	16.8	-	16.8
Finance expense		**(64.0)**	**-**	**(64.0)**	(57.6)	(1.8)	(59.4)
Net finance expense	5	**(49.5)**	**-**	**(49.5)**	(40.8)	(1.8)	(42.6)
Profit/(loss) before taxation		**380.7**	**(81.8)**	**298.9**	400.6	239.1	639.7
Taxation	6	**(95.7)**	**12.3**	**(83.4)**	(116.9)	8.6	(108.3)
Profit/(loss) for the financial year		**285.0**	**(69.5)**	**215.5**	283.7	247.7	531.4
Profit/(loss) attributable to non-controlling interests		**1.0**	**(2.5)**	**(1.5)**	12.4	(3.0)	9.4
Profit/(loss) attributable to equity holders		**284.0**	**(67.0)**	**217.0**	271.3	250.7	522.0
		285.0	**(69.5)**	**215.5**	283.7	247.7	531.4
Basic earnings per share	7			**80.4p**			193.6p
Diluted earnings per share	7			**79.0p**			190.9p
Adjusted basic earnings per share	7			**105.3p**			100.6p
Adjusted diluted earnings per share	7			**103.4p**			99.2p
Dividend per share in respect of the financial period:	8						
Dividend per share paid during the year				**28.7p**			27.3p
Dividend per share declared for the year				**29.5p**			28.3p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	Notes	**2013** **£m**	**2012** **£m**
Profit for the financial year		**215.5**	531.4
Other comprehensive income/(loss):			
Defined benefit pension scheme actuarial loss		**(6.9)**	(47.6)
Cash flow hedge		**0.3**	-
Net investment hedge		**(1.9)**	15.6
Change in value of available for sale financial assets		**1.2**	-
Exchange gain/(loss) on translation of foreign operations		**19.2**	(75.7)
Tax related to items not recognised in income statement	6	**3.9**	12.7
		15.8	(95.0)
Total comprehensive income for the financial year		**231.3**	436.4
Attributable to non-controlling interests		**(0.6)**	9.5
Attributable to equity holders		**231.9**	426.9
		231.3	436.4

CONSOLIDATED BALANCE SHEET

31 March 2013

	Notes	2013 £m	2012 £m
Assets			
Non-current assets			
Property, plant and equipment		**80.1**	73.3
Intangible assets	9	**2,049.3**	2,117.4
Investment in associates		**0.6**	0.6
Deferred tax assets		**19.2**	16.8
Derivative financial instruments	10	**4.3**	5.2
Other non-current assets		**12.0**	0.7
		2,165.5	2,214.0
Current assets			
Inventories		**1.5**	2.0
Trade and other receivables		**185.7**	178.3
CCP financial assets		**137,620.2**	93,619.6
CCP cash and cash equivalents (restricted)		**8,476.2**	6,137.3
CCP clearing business assets	10	**146,096.4**	99,756.9
Current tax		**24.6**	41.8
Assets held at fair value	10	**6.1**	14.6
Cash and cash equivalents		**446.2**	216.0
		146,760.5	100,209.6
Assets held for sale		**-**	6.4
Total assets		**148,926.0**	102,430.0
Liabilities			
Current liabilities			
Trade and other payables		**230.0**	233.7
Derivative financial instruments	10	**0.1**	-
CCP clearing business liabilities	10	**146,088.1**	99,747.2
Current tax		**43.2**	72.5
Borrowings	11	**0.4**	10.5
Provisions		**1.1**	2.5
		146,362.9	100,066.4
Non-current liabilities			
Borrowings	11	**796.4**	746.6
Other non-current payables		**3.4**	3.8
Derivative financial instruments	10	**3.5**	2.1
Deferred tax liabilities		**109.0**	117.3
Retirement benefit obligations		**25.6**	16.5
Provisions		**26.2**	27.6
		964.1	913.9
Total liabilities		**147,327.0**	100,980.3
Net assets		**1,599.0**	1,449.7
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	**18.8**	18.8
Retained (losses)/earnings		**(126.8)**	(262.9)
Other reserves		**1,638.5**	1,620.9
Total shareholder funds		**1,530.5**	1,376.8
Non-controlling interests		**68.5**	72.9
Total equity		**1,599.0**	1,449.7

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2013

	Notes	2013 £m	2012 £m
Cash flow from operating activities			
Cash generated from operations	14	**487.5**	462.4
Interest received		**2.4**	3.5
Interest paid		**(43.2)**	(44.0)
Corporation tax paid		**(64.9)**	(73.4)
Withholding tax paid		**(39.3)**	(45.5)
Net cash inflow/(outflow) from operating activities		**342.5**	303.0
Cash flow from investing activities			
Purchase of property, plant and equipment		**(18.2)**	(17.1)
Purchase of intangible assets		**(28.2)**	(16.3)
Proceeds from disposal of joint venture		**-**	1.3
Investment in other acquisition		**(11.2)**	(15.0)
Investment in subsidiaries		**(3.1)**	(481.1)
Net cash inflow from acquisitions		**1.1**	7.6
Dividends received		**0.2**	1.8
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		**(59.4)**	(486.1)
Cash flow from financing activities			
Dividends paid to shareholders		**(77.4)**	(73.6)
Dividends paid to non-controlling interests		**(4.3)**	(12.8)
Purchase of own shares by ESOP Trust		**(13.9)**	-
Proceeds from own shares on exercise of employee share options		**0.3**	2.3
Proceeds from borrowings		**297.6**	248.5
Repayments from borrowings		**(257.8)**	(24.2)
Net cash (outflow)/inflow from financing activities		**(55.5)**	140.2
Increase/(decrease) in cash and cash equivalents		**227.6**	(42.9)
Cash and cash equivalents at beginning of year		**216.0**	267.0
Exchange gains/(losses) on cash and cash equivalents		**2.6**	(8.1)
Cash and cash equivalents at end of year		**446.2**	216.0

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					
	Ordinary share capital	Retained loss	Other reserves	Total attributable to equity holders	Non-controlling interests	Total equity
Group	£m	£m	£m	£m	£m	£m
1 April 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
Total comprehensive income for the financial year	-	214.3	17.6	231.9	(0.6)	231.3
Final dividend relating to the year ended 31 March 2012	-	(51.2)	-	(51.2)	-	(51.2)
Interim dividend relating to the year ended 31 March 2013	-	(26.2)	-	(26.2)	-	(26.2)
Dividend payments to non-controlling interests	-	-	-	-	(3.8)	(3.8)
Employee share scheme expenses	-	(0.8)	-	(0.8)	-	(0.8)
31 March 2013	**18.8**	**(126.8)**	**1,638.5**	**1,530.5**	**68.5**	**1,599.0**

Other reserves comprise the following:

Capital redemption reserve of £514.2m (2012: £514.2m), a non-distributable reserve set up as a result of a court approved capital reduction.
Reverse acquisition reserve of £(512.5)m (2012: £(512.5)m), a non-distributable capital reserve arising on consolidation as a result of the capital reduction scheme.
Foreign exchange translation reserve of £353.3m (2012: £334.1m), reflecting the impact of foreign currency changes on the translation of foreign operations.
Merger reserve of £1,304.3m (2012: £1,304.3m), arising on consolidation when the Company issues shares as part of the consideration to acquire subsidiary undertakings.
Hedging reserve of £(20.8)m (2012: £(19.2)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 Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations endorsed by the European Union, 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 amortisation of purchased intangible assets and non-recurring items. This is the profit measure used to calculate adjusted earnings per share and is considered to be the most appropriate as it best reflects the Group's underlying, recurring cash earnings and is the primary measure of performance monitored by the Group's Executive Committee. Profit before acquisition amortisation, and non-recurring items is reconciled to profit before taxation on the face of the income statement.

Statutory accounts for the year ended 31 March 2012 have been delivered to the registrar of companies and those for the year ended 31 March 2013 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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:

Amendments to IFRS 1, 'First time adoption' – exemption for severe hyperinflation and removal of fixed dates;
Amendment to IFRS 7, 'Financial instruments: Disclosures' – disclosures on transfers of financial assets; and
IFRS various Annual improvements 2012.

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 2013 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	**267.5**	**91.8**	**306.3**	**56.1**	**4.7**	**-**	**726.4**
Inter-segmental revenue	**-**	**-**	**-**	**21.3**	**-**	**(21.3)**	**-**
Revenue	**267.5**	**91.8**	**306.3**	**77.4**	**4.7**	**(21.3)**	**726.4**
Net treasury income through CCP business	**-**	**116.7**	**-**	**-**	**-**	**-**	**116.7**
Other Income	**-**	**-**	**-**	**-**	**9.8**	**-**	**9.8**
Other non-recurring income	**-**	**-**	**-**	**-**	**18.3**	**-**	**18.3**
Total income	**267.5**	**208.5**	**306.3**	**77.4**	**32.8**	**(21.3)**	**871.2**
Operating profit before amortisation of purchased intangible assets and non-recurring items	**124.4**	**146.7**	**153.9**	**5.5**	**0.5**	**(0.8)**	**430.2**
Amortisation of purchased intangible assets							**(88.8)**
Non-recurring items							**7.0**
Operating profit							**348.4**
Net finance expense							**(49.5)**
Profit before taxation							**298.9**
Other income statement items:							
Depreciation and software amortisation	**(27.8)**	**(5.6)**	**(14.5)**	**(4.6)**	**(0.5)**	**12.6**	**(40.4)**

Net treasury income through CCP business of £116.7m comprises gross interest income of £128.9m less gross interest expense of £12.2m. Interest from investment in securities amount to £12.5m.

Comparative 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.

3. Employee costs

Employee costs comprise the following:

	2013	2012
	£m	£m
Salaries and other short term benefits	**128.1**	115.8
Social security costs	**19.2**	16.6
Pension costs	**7.5**	6.9
Share based compensation	**12.5**	12.1
Total	**167.3**	151.4

The number of employees in the Group was:

	2013		2012	
	Average	**Year end**	Average	Year end
UK	**753**	**752**	760	746
Italy	**428**	**461**	422	416
Sri Lanka	**654**	**668**	615	655
Other	**127**	**132**	119	120
	1,962	**2,013**	1,916	1,937

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

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

		2013	2012
	Notes	**£m**	£m
Amortisation of purchased intangible assets	9	**88.8**	54.9
Transaction (credit)/costs		**(10.7)**	23.4
Restructuring costs		**3.7**	-
Property costs		**-**	2.7
Revaluation on acquisition within joint ventures		**-**	2.4
Total affecting operating profit		**81.8**	83.4
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		**81.8**	(239.1)
Tax effect on items affecting profit before tax			
Deferred tax on amortisation of purchased intangible assets		**(9.1)**	(5.9)
Current tax on amortisation of purchased intangible assets		**(2.2)**	(0.7)
Tax effect on other items affecting profit before tax		**(1.0)**	(2.0)
Total tax effect on items affecting profit before tax		**(12.3)**	(8.6)
Total charge/(credit) to income statement		**69.5**	(247.7)

Transaction costs comprise charges incurred for ongoing services related to potential or completed acquisitions net of C$29m (£18.3m) received from TMX Group following the termination of the 2010 merger agreement. Restructuring costs primarily relate to the integration of the FTSE business.

5. Net finance expense

	2013	2012
	£m	£m
Finance income		
Expected return on defined benefit pension scheme assets	**11.8**	13.1
Bank deposit and other interest income	**2.4**	3.6
Other finance income	**0.3**	0.1
	14.5	16.8
Finance expense		
Interest payable on bank and other borrowings	**(48.2)**	(40.6)
Defined benefit pension scheme interest cost	**(13.8)**	(13.8)
Other finance expenses	**(2.0)**	(3.2)
Non-recurring credit facility arrangement fees	**-**	(1.8)
	(64.0)	(59.4)
Net finance expense	**(49.5)**	(42.6)

6. Taxation

The standard UK corporation tax rate was 24% (26% for the year ended 31 March 2012).

	2013	2012
Taxation charged to the income statement	**£m**	£m
Current tax:		
UK corporation tax for the year	**30.5**	28.6
Overseas tax for the year	**78.6**	89.1
Adjustments in respect of previous years	**(16.4)**	1.8
	92.7	119.5
Deferred tax:		
Deferred tax for the year	**0.3**	0.2
Adjustments in respect of previous years	**(0.5)**	(5.5)
Deferred tax liability on amortisation of purchased intangible assets	**(9.1)**	(5.9)
Taxation charge	**83.4**	108.3

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

	2013	2012
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	**2.0**	0.3
Deferred tax (loss)/credit:		
Defined benefit pension scheme actuarial loss	**1.7**	12.5
Tax allowance on share options/awards in excess of expense recognised	**0.5**	0.5
Movement in value of available for sale financial assets	**(0.4)**	-
Adjustments relating to change in UK tax rate	**0.1**	(0.6)
	3.9	12.7

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:

	2013	2012
	£m	£m
Profit before taxation	**298.9**	639.7
Profit multiplied by standard rate of corporation tax in the UK	**71.7**	166.3
Profit on disposal/acquisition of shares in subsidiary	**-**	(84.3)
(Income not taxable)/expenses not deductible	**(2.2)**	1.7
Share of joint venture and associates consolidated at profit after tax	**-**	(0.9)
Adjustment arising from change in UK tax rate	**0.7**	-
Overseas earnings taxed at higher rate	**17.7**	21.6
Adjustments in respect of previous years	**(16.8)**	(3.8)
Amortisation of purchased intangibles	**12.3**	7.7
Taxation charge	**83.4**	108.3

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.

	2013	2012
Basic earnings per share	**80.4p**	193.6p
Diluted earnings per share	**79.0p**	190.9p
Adjusted basic earnings per share	**105.3p**	100.6p
Adjusted diluted earnings per share	**103.4p**	99.2p

	£m	£m
Profit for the financial year attributable to equity holders	**217.0**	522.0
Adjustments:		
Amortisation of purchased intangible assets	**88.8**	54.9
Transaction (credits)/costs	**(10.7)**	23.4
Restructuring costs	**3.7**	-
Property costs	**-**	2.7
Revaluation on acquisition within joint ventures	**-**	2.4
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	**(12.3)**	(8.6)
Non-recurring items, amortisation and taxation attributable to non-controlling interests	**(2.5)**	(3.0)
Adjusted profit for the financial year attributable to equity holders	**284.0**	271.3
Weighted average number of shares - million	**269.8**	269.6
Effect of dilutive share options and awards - million	**4.8**	3.8
Diluted weighted average number of shares - million	**274.6**	273.4

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

8. Dividends

	2013	2012
	£m	£m
Final dividend for 2012 paid 20 August 2012: 19.0p per Ordinary share (2011: 18.0p)	**51.2**	48.5
Interim dividend for 2013 paid 7 January 2013 9.7p per Ordinary share (2012: 9.3p)	**26.2**	25.1
	77.4	73.6

The Board has proposed a final dividend in respect of the year ended 31 March 2013 of 19.8p, per share, which is estimated to amount to £53.4m, to be paid on 19 August 2013.

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 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
Additions	**1.1**	**-**	**-**	**-**	**21.3**	**22.4**
Acquisition of subsidiaries	**4.1**	**-**	**-**	**-**	**0.5**	**4.6**
Disposals	**-**	**-**	**-**	**-**	**(84.4)**	**(84.4)**
Foreign exchange	**17.8**	**8.7**	**0.2**	**2.2**	**1.3**	**30.2**
31 March 2013	**1,211.9**	**968.2**	**237.0**	**344.6**	**157.7**	**2,919.4**
Amortisation and accumulated impairment:						
1 April 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
Amortisation charge for the year	**-**	**49.5**	**10.0**	**29.3**	**22.8**	**111.6**
Disposals	**-**	**-**	**-**	**-**	**(84.4)**	**(84.4)**
Foreign exchange	**8.3**	**2.9**	**0.1**	**1.7**	**0.7**	**13.7**
31 March 2013	**445.6**	**188.2**	**17.4**	**107.5**	**111.4**	**870.1**
Net book values:						
31 March 2013	**766.3**	**780.0**	**219.6**	**237.1**	**46.3**	**2,049.3**
31 March 2012	751.6	823.7	229.5	265.9	46.7	2,117.4

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 addition of £1.1m goodwill arose during the year as a result of the finalisation of the fair value of acquired assets for FTSE Group.

The acquisition of GATElab Srl during the year resulted in goodwill in the Group of £4.1m in the year. This value is preliminary and will be finalised during the following year.

10. Financial instruments by category

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

31 March 2013	**2013** **£m**	2012 £m
Assets as per balance sheet		
Financial assets of the CCP clearing business		
– CCP trading assets	**3,426.6**	4,167.6
– Receivables for repurchase transactions	**127,036.2**	84,968.2
– Other receivables from clearing members	**7,144.8**	4,410.5
– Financial assets held at fair value	**12.6**	73.3
– Cash and cash equivalents of clearing members	**8,476.2**	6,137.3
Financial assets of the CCP clearing business	**146,096.4**	99,756.9
Assets held at fair value	**6.1**	14.6
Total financial assets for CCP clearing	**146,102.5**	99,771.5
Trade and other receivables	**121.0**	111.0
Cash and cash equivalents	**446.2**	216.0
Available for sale financial assets	**11.9**	0.4
Cross currency interest rate swaps	**4.0**	5.2
Forward foreign exchange contracts	**0.3**	-
Total	**146,685.9**	100,104.1

	2013 **£m**	2012 £m
Liabilities as per balance sheet		
Financial liabilities of the CCP clearing business		
– CCP trading liabilities	**3,426.6**	4,167.7
– Liabilities under repurchase transactions	**127,036.2**	84,968.2
– Other payables to clearing members	**15,610.4**	10,537.9
– Financial liabilities held at fair value	**14.9**	73.4
Financial liabilities of the CCP clearing business	**146,088.1**	99,747.2
Trade and other payables	**233.4**	237.5
Provisions	**27.3**	30.1
Borrowings	**796.8**	757.1
Cross currency interest rate swaps	**3.5**	2.1
Forward foreign exchange contracts	**0.1**	-
Total	**147,149.2**	100,774.0

11. Borrowings

	2013	2012
	£m	£m
Current		
Bank borrowings and trade finance loans	**0.4**	10.5
	0.4	10.5
Non-current		
Bonds	**796.5**	499.4
Bank borrowings	**-**	247.5
Deferred arrangement fees	**(0.1)**	(0.3)
	796.4	746.6

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

Type	**Expiry Date**	**Notes/ Facility £m**	**Carrying value at 31 March 2013 £m**	**Interest rate percentage at 31 March 2013 %**
Drawn value of Facilities				
Multi-currency revolving credit facility	Jul 2013	250.0	-	LIBOR + 0.8
Multi-currency revolving credit facility	Dec 2014	350.0	-	LIBOR + 1.25
Multi-currency revolving credit facility	Nov 2015	250.0	-	LIBOR + 1.0
Total Bank Facilities		850.0	-	
Notes due July 2016	Jul 2016	250.0	251.3	6.125
Notes due October 2019	Oct 2019	250.0	247.9	9.125
Notes due November 2021	Nov 2021	300.0	297.3	4.75
Total Bonds		800.0	796.5	
Total Committed Facilities		1,650.0	796.5	

MillenniumIT and MillenniumIT Software have un-committed overdraft facility drawings of £0.4m (2012: £0.5m). The Group's three committed bank facility arrangements were undrawn at 31 March 2013.

CC&G has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements. In addition, uncommitted tri-party credit lines of €750million are available from Bank of Italy with refinancing 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 €150m 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 per annum 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 per annum throughout this period.

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

12. Analysis of net debt

	2013 £m	2012 £m
Due within one year		
Cash and cash equivalents	**446.2**	216.0
Bank borrowings	**(0.4)**	(10.5)
Derivative financial liabilities	**(0.1)**	-
	445.7	205.5
Due after one year		
Deferred arrangement fees/(bank borrowings)	**0.1**	(247.2)
Bonds	**(796.5)**	(499.4)
Derivative financial assets	**4.3**	5.2
Derivative financial liabilities	**(3.5)**	(2.1)
Total net debt	**(349.9)**	(538.0)

Reconciliation of net cash flow to movement in net debt

	2013 £m	2012 £m
Increase/(decrease) in cash in the year	**227.6**	(42.9)
Bond issue proceeds	**(297.6)**	-
Bank loan repayments less new drawings	**257.8**	(224.3)
Change in net debt resulting from cash flows	**187.8**	(267.2)
Foreign exchange movements	**2.6**	(7.7)
Movement on derivative financial assets and liabilities	**(2.4)**	15.6
Bond valuation adjustment	**0.1**	0.1
Acquired debt	**-**	(34.2)
Net debt at the start of the year	**(538.0)**	(244.6)
Net debt at the end of the year	**(349.9)**	(538.0)

13. Ordinary share capital

	2013		2012	
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

	2013	2012
	£m	£m
Profit before taxation	**298.9**	639.7
Depreciation and amortisation	**129.2**	95.3
Property impairment	**-**	2.7
Gain on disposal of property, plant and equipment	**1.5**	-
Profit on acquisition/disposal of shares in subsidiary and joint venture	**-**	(323.8)
Net finance expense/(income)	**49.5**	42.6
Share of profit after tax of joint ventures	**-**	(3.5)
Decrease/(increase) in inventories	**0.5**	(0.9)
(Increase)/decrease in trade and other receivables	**(3.0)**	13.8
Increase/(decrease) in trade and other payables	**(9.6)**	2.9
Borrowing costs capitalised	**(0.5)**	-
Goodwill valuation amendment	**(1.2)**	-
(Increase)/decrease in CCP financial assets	**(43,590.5)**	7,702.5
Increase/(decrease) in CCP clearing business liabilities	**43,594.4**	(7,709.8)
Defined benefit pension obligation - contributions (in excess of)/lower than expenses charged	**(1.0)**	0.2
Provisions utilised during the year	**(6.1)**	(3.8)
Decrease/(increase) in assets held at fair value from operating activities	**8.0**	(6.7)
Share scheme expense	**13.1**	12.1
Foreign exchange gains/(losses) on operating activities	**4.3**	(0.9)
Cash generated from operations	**487.5**	462.4
Comprising:		
Ongoing operating activities	**480.5**	483.7
Non-recurring items	**7.0**	(21.3)
	487.5	462.4

15. Commitments and contingencies

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were £1.6m (2012: £5.6m) and £13.2m (2012: £13.5m) respectively. £11.5m of other contracted commitments represent professional and other fees relating to the proposed transaction with LCH.Clearnet, the majority of which were conditional on completion on 1 May 2013.

16. Post balance sheet events

On 5 April 2013, FTSE Group and TMX Group Limited announced the completion of the transaction to combine their fixed income businesses in a new joint venture, FTSE TMX Global Debt Capital Markets. A cash consideration of CAD112.2m was paid to TMX for a 75 per cent holding in the joint venture with TMX holding the remaining interest.

On 1 May 2013 the Group completed the majority acquisition of LCH.Clearnet Group Limited. The Group acquired 55.5 per cent of the share capital which in addition to the 2.3 per cent already held gives the Group a total holding of 57.8 per cent. The consideration paid was €328m with up to a further €23m payable as deferred consideration. In addition to the acquisition the Group will participate in a capital raise, in proportion to its shareholding, resulting in a further €185m investment.