16 May 2007

LONDON STOCK EXCHANGE GROUP PLC

ANNOUNCEMENT OF PRELIMINARY RESULTS OF LONDON STOCK EXCHANGE GROUP PLC FOR THE YEAR ENDED 31 MARCH 2007

Financial highlights:

- Revenue before exceptional items up 20 per cent to £349.6 million
- Operating profit before exceptional items up 55 per cent to £185.6 million
- Adjusted basic earnings per share up 50 per cent to 56.2 pence
- Operating profit including exceptional items up 104 per cent to £174.2 million and basic earnings per share up 82 per cent to 50.5 pence
- Cash generated from ongoing operating activities up 36 per cent to £198.6 million
- Total dividend for the year up 50 per cent to 18.0 pence per share

Operational highlights:

- Primary market activity very strong, with 503 new issues and total money raised by new and further issues up 57 per cent to £53.7 billion
- 58 per cent increase in average daily SETS bargains to 353,000, reflecting excellent growth throughout the year and new record levels of trading in the final quarter – including 508,000 average bargains/day in March
- 38 per cent increase in average daily SETS value traded to £6.5bn
- Total terminals up 12,000 to record 116,000, of which terminals attributable to professional users up 8,000 to 96,000
- On target to deliver the new trading platform, TradElect, in June 2007

Capital return:

- £512 million returned to shareholders and successful issue of £250 million 10 year corporate bond
- Excellent progress with ongoing share buyback programme, completing initial £50 million target and £60 million of further £250 million re-purchase plan

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

“This has been a year of exceptional achievement, with the Exchange delivering well beyond expectations on a number of important commitments and once again highlighting the unique quality of its business.

“Trading volumes on SETS surpassed our target levels by some considerable margin and operating cost reductions were achieved. We implemented the planned £512 million return of capital to shareholders, made good progress on our share re-purchase plan, and also increased the ordinary dividend per share by 50 per cent. In delivering our strategy and creating a more appropriate capital structure, we have produced excellent returns for shareholders.”

Clara Furse, Chief Executive of the Exchange, said:

"The Exchange has again delivered an outstanding performance reflecting a year of strong growth in each of our business divisions. Investment in new technology, market services, and international business development is creating value for both customers and shareholders.

"Trading remains strong with positive momentum carrying forward into the current financial year. The proven international success and increasing efficiency of our market, underline the secular change to equity trading, as TradElect goes live this summer.

"We are confident of delivering another year of strong growth, as we continue to evaluate opportunities for strategic development to realise in full our vision to be the world's capital market."

Further information is available from:

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FINANCIAL RESULTS

The Exchange delivered another excellent financial performance, once again delivering strong growth in all major business areas, particularly in Broker Services where the growth in trading on the electronic order book, SETS, was outstanding.

Revenue for the year ended 31 March 2007 increased 20 per cent to £349.6 million, up £58.5 million on revenue before exceptional items in the previous year of £291.1 million.

Administrative expenses, excluding exceptional items, were £7 million lower at £164.0 million (2006: £171.0 million), in line with target reductions set out last year, with savings made through business efficiencies, integration of business processes and IT. Net exceptional items of £11.4 million were incurred, principally relating to advisors' fees in respect of the Nasdaq bid defence.

Operating profit excluding exceptional items increased 55 per cent to £185.6 million (2006: £120.1 million) and 104 per cent to £174.2 million including exceptional items (2006: £85.4 million).

Net finance costs for the year were £14.9 million (2006: £6.6 million net income), reflecting the shift to a net debt position following the return of capital to shareholders of £512 million, paid in May, and the ongoing share buyback. After net finance costs, share of profit after tax of FTSE and investment income, profit before taxation of £161.5 million was 73 per cent above last year (2006: £93.5 million). After tax and minority interests, profit attributable to equity holders for the year was £109.6 million, an increase of 55 per cent (2006: £70.7 million).

Adjusted basic earnings per share, before exceptional items, rose 50 per cent to 56.2 pence per share (2006: 37.4 pence per share). Basic earnings per share increased 82 per cent to 50.5 pence per share (2006: 27.8 pence per share).

Capital return and share buyback programme

In May the Exchange successfully completed a capital return to shareholders of approximately £512 million, funded partly by the Exchange's existing cash position and also with available bank facilities. Subsequent to this return, the Exchange refinanced intermediate bank debt through the successful issue of a £250 million 10 year corporate bond, our first such issue.

In addition, the Exchange completed a planned ongoing share buyback programme of £50 million. Good progress was made on a further buyback commitment of up to £250 million, with purchases amounting to £60m achieved by the end of March, resulting in the Exchange buying back shares amounting to a total £110 million by the financial year end.

Dividend

In line with a commitment made by the Board in December 2006, the Directors propose to pay a final dividend of 12.0 pence per share. This will be paid to those shareholders on the register on 20 July 2007, for payment on 13 August 2007**.** Together with the interim dividend of 6.0 pence per share paid in January 2007, this takes the total dividend for the year to 18.0 pence per share (2006: 12.0 pence per share), an increase of 50 per cent.

TRM

The Exchange is nearing completion of its Technology Roadmap (TRM), a four year programme to move the Exchange's core systems to new, very high speed, flexible technology. In September 2005, we introduced Infolect, the real time market data dissemination system. Infolect has cut the broadcast speed for market data from 30 to 2 milliseconds and provided customers with more certainty of order execution, thereby supporting increased trading volumes.

The focus of technology development over the past year has been on the delivery of the final major phase of TRM, the introduction of TradElect, the new trading platform. It was successfully launched for the Johannesburg Securities Exchange in April 2007 and is on target to go live in London in June 2007. TradElect reduces end to end trading latency from 140 to around 10 milliseconds, making SETS one of the fastest, if not the fastest, trading execution engine of any major exchange.

The increases in speed and system capacity provided by both TradElect and Infolect will enable customers to deploy new high velocity trading strategies, thereby accelerating the development of equities trading in London.

Overall capital expenditure for the year was £23.5 million (2006: £25.6 million), principally encompassing spend on TRM.

Revenue

Issuer Services

Issuer Services' revenue increased 11 per cent to £63.2 million (2006: £56.9 million) reflecting increases in both admission and annual fee income. The Exchange enjoyed another very successful year of primary market activity, with total money raised on its markets increasing 57 per cent to £53.7 billion (2006: £34.1 billion). The average money raised by a Main Market new issue increased 66 per cent to £196 million (2006: £118 million).

New issue activity was very strong, with 503 new issues for the year (2006: 622), including 106 new issues on the Main Market, similar to the high levels seen last year (2006: 107). On AIM, the world's most successful market for smaller companies, new issues totalled 395, below the record level of the previous year (2006: 510).

As further confirmation of the Exchange's position as the international listing venue of choice, the total number of overseas companies joining the Main Market nearly doubled to 35 (2006: 18). Notable companies joining our markets included Rosneft, Kazmanay Gas, Samsung, MCB Bank (the first Pakistani company to list in London), Hochschild Mining (the first Latin American company to IPO on our markets) and Napo Pharmaceuticals (the first US company to IPO on the Main Market). Including PSM and AIM, a total of 139 international companies from 25 countries joined the Exchange's markets (2006: 154).

The Exchange attracted more international IPOs than any other major global exchange, more than double its nearest rival. In total, the number of companies on our markets at 31 March 2007 was 3,245 (2006: 3,141). Of these, 1,637 companies were traded on AIM, an increase of 11 per cent (2006: 1,473).

Including further issues and debt, total admission fee income increased to £28.2 million representing 45 per cent of Issuer Services' revenue (2006: £25.9 million; 46 per cent). Annual fee income, the revenue the Exchange receives from companies on its markets, rose 12 per cent to £22.7 million, contributing 36 per cent of Issuer Services' turnover (2006: £20.3 million; 36 per cent).

The greater number of regulatory announcements released during the year, helped to deliver a 10 per cent increase in RNS revenue to £10.1 million (2006: £9.2 million). The division also earned £2.2 million in training and consultancy fees.

Broker Services

Broker Services delivered another excellent performance with revenue rising 31 per cent to £163.8 million (2006: £125.5 million). Once again this growth was primarily attributable to the substantial uplift in trading on SETS, the Exchange's electronic order book.

SETS continued to benefit from the structural shift in equities trading, facilitated by investment in new technology both by the Exchange and by customers. We are seeing a permanent shift in the nature of order flow as new, higher velocity electronic (algorithmic/black box) trading strategies are increasingly deployed by hedge funds, intermediaries and specialist technical trading firms. In addition, growth is being driven by derivatives-linked business originating in the UK over the counter market, as trading on SETS provides an immediate and efficient hedging mechanism.

The total number of SETS bargains increased 57 per cent to 89.0 million (2006: 56.8 million), with a 58 per cent increase in average daily bargains to 353,000 (2006: 223,000). Total value traded on SETS was up 37 per cent to £1,635 billion (2006: £1,190 billion), representing a daily average of £6.5 billion (2006: £4.7 billion). Trading in the final quarter was particularly strong following increased market volatility at the end of February and early March, with March setting a new record of an average of 508,000 bargains per day, an increase of 76 per cent over the same month last year, and registering 14 of the 20 busiest ever trading days on SETS.

Trading of international depository receipts on the International Order Book (IOB), a subset of SETS, developed well with an 89 per cent rise in bargains. SETSmm, the Exchange's hybrid trading platform, also continued to demonstrate very strong growth, as daily SETSmm bargains averaged 80,000, more than double the previous year (2006: 36,000). The number of securities traded on SETSmm increased to 762 during the year (2006: 676), bringing the total number traded on the electronic order book to 927. SETS continues to significantly improve liquidity and reduce spreads in the stocks traded.

During the period the Exchange announced a reduction in tick sizes on certain widely traded FTSE 100 securities to further reduce the cost of trading. Also announced, for introduction in the new financial year, were new tariff initiatives to lower trading fees and incentivise more liquidity on SETS.

In a circular to shareholders dated 18 January 2007, the Exchange updated target SETS trading levels, stating that the average number of bargains per day in financial year 2008 is expected to grow to at least 480,000, representing an increase of 36 per cent over daily average bargains in financial year 2007. Since making this forecast, SETS has continued to deliver strong growth, with average bargains per day growing 62 per cent to 441,000 (2006: 272,000) in the final quarter of the year, putting us well on course to achieve this target.

The average value of a SETS bargain reduced during the year to £18,000 (2006: £21,000) with a reduction in average yield per SETS bargain to £1.32. Overall, SETS trading (excluding order charges) contributed 72 per cent of Broker Services revenue (2006: 69 per cent).

Away from the order book, the average number of lower margin off-book bargains decreased 6 per cent to 44,000 per day (2006: 47,000) while the average daily number of international bargains increased 24 per cent to 98,000 (2006: 79,000).

Information Services

Information Services delivered a strong performance, with a 13 per cent increase in revenue to £105.9 million (2006: £94.1 million, excluding exceptional revenue). The principal driver of growth was a rise in the number of terminals taking the Exchange's real-time market data to a new record level, with very good increases in both professional and private terminals, together with strong performances from Proquote and SEDOL.

Total terminals increased 12 per cent to 116,000 (2006: 104,000), including 96,000 terminals attributable to professional users, up 8,000 on the previous year (2006: 88,000) and 2,000 since 31 December 2006 (94,000). One of the drivers of this overall growth was the increase in international terminals, with the number of users outside the UK increasing to 60,000 (2006: 52,000). Private terminal numbers also increased, rising by 4,000 following the introduction of new tariffs for retail investors.

Proquote, the Exchange's provider of financial market software and data, performed well with an almost 50 per cent increase in revenue. The number of installed screens at year end increased by 23 per cent to 3,700 (2006: 3,000), with a greater proportion of higher value Proquote International screens.

SEDOL, the securities numbering service that provides unique identification for securities on a global basis, delivered a good performance. The service continues to be developed, with an increase in number of securities covered to more than 1.8 million (2006: 1.2 million).

Derivatives Services

Derivatives Services performed well, with a 21 per cent increase in revenue to £9.3 million (2006: £7.7 million). EDX London, the Exchange's 76 per cent owned equity derivatives business, moved into profit for the year with a strong increase in activity. A total of 31.4 million contracts (2006: 22.2 million) were traded, representing an average of 124,000 per day (2006: 86,000), up 44 per cent.

The EDX Russian IOB Equity Derivatives Service was introduced in December 2006 and made an excellent start, with more than US$2 billion in value traded by the year end. The service has already been extended to add new securities, and now includes a number of leading Kazakh companies.

Current trading and prospects

The Exchange has made a very good start to the new financial year with positive momentum in many areas of our business. Primary markets remain active and demand for real time data remains strong. The introduction of our new trading platform TradElect by the end of June, together with the continuation of the structural shift in trading, should ensure further trading growth during the year to achieve our SETS growth targets. While we expect a modest rise in operating expenses as the business grows, overall the Exchange is confident of delivering a strong performance in the year ahead.

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-ir.com. For further information, please call the Group's Investor Relations team at 020 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 Exchange's Press Office at 020 7797 1222.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

Continuing operations	Notes	2007 £m	2006 £m
Revenue			
Ongoing revenue	2	**349.6**	291.1
Exceptional revenue	3	**-**	6.4
Total		**349.6**	297.5
Expenses			
Operating expenses before exceptional items		**(164.0)**	(171.0)
Exceptional expenses	3	**(11.4)**	(41.1)
Total		**(175.4)**	(212.1)
Operating profit		**174.2**	85.4
Analysed as:			
Operating profit before exceptional items		**185.6**	120.1
Exceptional items	3	**(11.4)**	(34.7)
Operating profit		**174.2**	85.4
Finance income		**16.6**	20.2
Finance costs		**(31.5)**	(13.6)
Net finance (costs)/income	4	**(14.9)**	6.6
Share of profit after tax of joint venture		**1.9**	1.2
Investment income		**0.3**	0.3
Profit before taxation		**161.5**	93.5
Taxation	5	**(50.9)**	(26.7)
Profit for the financial year		**110.6**	66.8
Profit/(loss) attributable to minority interest		**1.0**	(3.9)
Profit attributable to equity holders		**109.6**	70.7
		110.6	66.8
Basic earnings per share	6	**50.5p**	27.8p
Diluted earnings per share	6	**49.4p**	27.4p
Dividend per share in respect of the financial year	7		
Dividend per share paid during the year		**14.0p**	9.0p
Dividend per share declared for the year		**18.0p**	12.0p

STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE

Year ended 31 March 2007

	2007	2006
	£m	£m
Profit for the financial year	**110.6**	66.8
Defined benefit pension scheme actuarial gain/(loss), net of tax	**0.2**	(2.8)
Tax allowance on share options/awards in excess of expense recognised	**4.9**	2.6
	5.1	(0.2)
Total recognised income and expense for the financial year	**115.7**	66.6
Attributable to minority interest	**1.0**	(3.9)
Attributable to equity holders	**114.7**	70.5
	115.7	66.6

CONSOLIDATED BALANCE SHEET

31 March 2007	Notes	**2007 £m**	2006 £m
Assets			
Non-current assets			
Property, plant and equipment	8	**58.8**	64.1
Intangible assets	9	**55.8**	51.6
Available for sale investments		**0.4**	0.4
Investment in joint venture		**1.9**	1.7
Deferred tax assets		**15.9**	19.8
		132.8	137.6
Current assets			
Trade and other receivables	10	**61.4**	49.3
Cash and cash equivalents		**72.9**	226.8
		134.3	276.1
Total assets		**267.1**	413.7
Liabilities			
Current liabilities			
Trade and other payables	11	**129.4**	51.1
Current tax		**20.6**	11.9
Borrowings	12	**171.4**	0.6
Provisions	13	**8.0**	15.1
		329.4	78.7
Non-current liabilities			
Borrowings	12	**248.7**	0.5
Retirement benefit obligations	14	**15.0**	20.3
Provisions	13	**23.9**	25.4
		287.6	46.2
Total liabilities		**617.0**	124.9
Net (liabilities)/assets		**(349.9)**	288.8
Equity			
Capital and reserves attributable to the Company's equity holders			
Ordinary share capital	15	**253.0**	14.9
Share premium	15	**-**	4.3
Retained (loss)/earnings	15	**(351.7)**	268.0
Other reserves	15	**(253.8)**	-
		(352.5)	287.2
Minority interest in equity	15	**2.6**	1.6
Total equity		**(349.9)**	288.8

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2007	Notes	2007 £m	2006 £m
Cash flow from operating activities			
Cash generated from operations	16	**180.4**	140.6
Interest received		**6.1**	7.4
Interest paid		**(14.8)**	(1.5)
Corporation tax paid		**(33.5)**	(29.0)
Net cash inflow from operating activities		**138.2**	117.5
Cash flow from investing activities			
Purchase of property, plant and equipment		**(6.0)**	(5.3)
Purchase of intangible assets		**(13.9)**	(20.5)
Receipts from disposal of Stock Exchange Tower		**-**	33.2
Further consideration for acquisition of subsidiary undertaking		**-**	(6.2)
Dividends received		**2.0**	2.0
Net cash (outflow)/inflow from investing activities		**(17.9)**	3.2
Cash flow from financing activities			
Dividends paid to shareholders		**(33.2)**	(22.8)
Cash impact of capital return		**(497.9)**	-
Share buyback		**(105.3)**	-
Issue of ordinary share capital		**-**	5.9
Purchase of own shares by ESOP trust		**(47.8)**	(4.7)
Proceeds from own shares on exercise of employee share options		**5.4**	2.7
Proceeds from bond issue – July 2006		**249.2**	-
Net proceeds from unsecured borrowings		**155.4**	0.6
Net cash outflow from financing activities		**(274.2)**	(18.3)
(Decrease)/increase in cash and cash equivalents		**(153.9)**	102.4
Cash and cash equivalents at beginning of year		**226.8**	124.4
Cash and cash equivalents at end of year		**72.9**	226.8

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 1985 applicable to companies reporting under IFRS.

The financial statements are prepared under the historical cost convention and on the basis of the principal accounting policies set out below. The consolidated financial statements comprise the financial statements of London Stock Exchange Group plc (the “Company”) and its subsidiaries, all having co-terminous accounting periods, with all inter-company balances and transactions eliminated.

REVERSE ACQUISITION

On 15 May 2006 the Company became the holding company of London Stock Exchange plc pursuant to a scheme of arrangement under section 425 of the Companies Act 1985 ('the Scheme').

Under IFRS 3, Business Combinations, this group reconstruction effected by the Scheme has been accounted for as a reverse acquisition. Although the consolidated financial statements have been prepared in the name of the legal parent, the Company, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, London Stock Exchange plc. The following accounting treatment has been applied in respect of the reverse acquisition:

a) the assets and liabilities of the legal subsidiary, London Stock Exchange plc, are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;

b) the retained (loss)/earnings and other equity balances recognised in the consolidated financial statements reflect the retained earnings and other equity balances of London Stock Exchange plc immediately before the business combination, and the results of the period from 1 April 2006 to the date of the business combination are those of London Stock Exchange plc as the Company did not trade prior to the Scheme. However, the equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent, London Stock Exchange Group plc, including the equity instruments issued under the Scheme to effect the business combination; and

c) Comparative numbers presented in the consolidated financial statements are those reported in the consolidated financial statements of the legal subsidiary, London Stock Exchange plc, for the year ended 31 March 2006.

The Company had no significant assets, liabilities or contingent liabilities of its own at the time that the Scheme took effect and no cash consideration was paid in respect of the business combination. Transaction costs of equity transactions relating to the issue of the Company's shares are accounted for as a deduction from equity.

ACCOUNTING POLICIES

REVENUE
Revenue represents the total amount receivable for the provision of goods and services, excluding value added tax. Revenue is recognised in the period when the service or supply is provided:

a) annual fees are recognised over the 12 month period to which the fee relates;

b) admission fees are recognised at the time of admission to trading;

c) data, transaction and Exchange charges are recognised in the month in which the data is provided or the transaction is effected; and

d) royalties are recognised in the 12 month period to which the royalties relate.

EXCEPTIONAL ITEMS

Items of income and expense that are material by size and/or nature and are non-recurring are classified as exceptional items on the face of the income statement within their relevant category. The separate reporting of these items helps give an indication of the Group’s underlying performance.

FOREIGN CURRENCIES

The consolidated financial statements are presented in sterling, which is the Company’s presentation and functional currency.

Transactions in foreign currencies and currency balances at the year end are converted at the rate ruling at the transaction date or the year end date respectively, with any gains or losses recognised in the income statement.

INTANGIBLE ASSETS

a) Goodwill arising on the acquisition of subsidiaries represents the excess of consideration paid over the identifiable fair value of net assets acquired. It is not amortised but is tested annually for impairment and is carried at cost less accumulated impairment losses; and

b) Third party software costs for the development and implementation of systems which enhance the services provided by the Group are capitalised and amortised over their estimated useful lives, which is an average of three years.

PROPERTY, PLANT AND EQUIPMENT

a) Freehold properties, including related fixed plant, are included in the financial statements at cost less accumulated depreciation and any provision for impairment. Freehold buildings and related fixed plant are depreciated to residual value, based on cost at the beginning of the year plus subsequent additions, over their estimated economic lives. The estimated useful lives of properties are approximately 50 years, the estimated useful lives of fixed plant range from five to 20 years;

b) Leasehold properties and improvements are included at cost and depreciated to residual value over the shorter of the period of the lease or the economic life of the asset; and

c) Plant and equipment is stated at cost and is depreciated to residual value on a straight line basis over the estimated useful lives of the assets, which are mainly in the range from three to five years.

The Group selects its depreciation rates based on expected economic lives, taking into account the expected rate of technological developments, market requirements and expected use of the assets. The selected rates are regularly reviewed to ensure they remain appropriate to the Group's circumstances. Residual values and economic lives are reviewed at each balance sheet date.

JOINT VENTURES

Investments in joint ventures are accounted for under the equity method and are initially recognised at cost. The Group's share of profits or losses after tax from joint ventures is included in the consolidated income statement. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the Group's balance sheet.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash at bank and term deposits that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

FINANCIAL INSTRUMENTS

a) Investments (other than fixed deposits and interests in joint ventures and subsidiaries) are designated as available for sale and are recorded on trade date at fair value with changes in fair value recognised in equity. Where the fair value is not reliably measurable, the investment is held at cost;

b) Foreign currency derivatives are recorded at fair value. The method of recording gains or losses depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item hedged. Where they meet the relevant criteria in IAS 39, "Financial instruments: recognition and measurement", the Group designates foreign currency derivatives as cash flow hedges with the movement in fair value recognised in equity. Amounts recognised in equity are transferred to the income statement when the hedged item is recognised in the income statement. Any movements in fair value in respect of foreign currency derivatives which do not qualify as highly effective cash flow hedges under IAS 39 are recognised immediately in the income statement;

c) The Company's own shares held by the ESOP trust are deducted from equity until they vest unconditionally in employees and are held at cost; and

d) Consideration paid in respect of own shares is deducted from equity until the shares are cancelled, reissued or disposed of.

PROVISIONS

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

BORROWINGS

Bank borrowings are recorded initially as proceeds received, net of direct issue costs and transaction costs (including upfront facility fees). Subsequently, these liabilities are carried at amortised cost, and interest charged to the income statement over the period of the borrowings using the effective interest method. Similarly direct issue costs and transaction costs (including upfront facility fees) are also charged to the income statement over the period of the borrowings using the effective interest rate method.

Redeemable Class B shares issued in connection with the capital return are carried at amortised cost, and presented as a financial liability, in line with IAS 32, "Financial Instruments: Disclosure and Presentation". The dividend accrued in respect of the Class B shares has been classified within finance costs in the income statement.

OPERATING LEASES

Rental costs for operating leases are charged to the income statement on a straight line basis. Lease incentives are spread over the term of the lease. Provision is made in the accounts for lease commitments less income from sub-letting, for property space which is surplus to business requirements. Such provisions are discounted where the time value of money is considered material.

PENSION COSTS

The Group operates defined benefit and defined contribution pension schemes. For the defined benefit scheme the service cost, representing benefits accruing to employees, is included as an operating expense and the expected return on scheme assets and interest cost from unwinding of the discount on scheme obligations are included as finance income and finance costs respectively. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions or differences between actual and expected returns on assets are recognised at each period end net of tax in the statement of recognised income and expense. The net asset or liability recognised on the balance sheet comprises the difference between the present value of pension obligations and the fair value of scheme assets. For defined contribution schemes, the expense is charged to the income statement as incurred.

DEFERRED TAXATION

Full provision is made, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is determined using tax rates that are substantially enacted at the balance sheet date and are expected to apply when the asset is realised or liability settled.

Deferred tax assets are recognised to the extent it is probable that they will be recoverable against future taxable profits.

SHARE BASED COMPENSATION

The Group operates a number of equity settled share based compensation plans for employees. The charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of grant and recognised over the relevant vesting period. The transactions are equity-settled in accordance with the provisions of IFRS 2, "Group and Treasury Share Transactions".

2. SEGMENT INFORMATION

Segmental disclosures for the year ended 31 March 2007 are as follows:

	Issuer Services £m	Broker Services £m	Information Services £m	Derivatives Services £m	Other £m	Corporate £m	Group £m
Revenue							
Ongoing revenue	63.2	163.8	105.9	9.3	7.4	-	349.6
Total revenue	63.2	163.8	105.9	9.3	7.4	-	349.6
Expenses							
Depreciation and amortisation	(2.9)	(10.6)	(9.6)	(0.4)	-	(0.6)	(24.1)
Exceptional costs (see note 3)	-	-	-	3.1	-	(14.5)	(11.4)
Other expenses	(32.5)	(39.6)	(43.8)	(7.4)	(6.5)	(10.1)	(139.9)
Total expenses	(35.4)	(50.2)	(53.4)	(4.7)	(6.5)	(25.2)	(175.4)
Operating profit	27.8	113.6	52.5	4.6	0.9	(25.2)	174.2
Share of profit after tax of joint venture	-	-	1.9	-	-	-	1.9
Assets	19.7	68.7	49.7	11.1	22.2	93.8	265.2
Investment in joint venture	-	-	1.9	-	-	-	1.9
Total assets	19.7	68.7	51.6	11.1	22.2	93.8	267.1
Liabilities	(24.2)	(23.8)	(32.7)	(3.8)	(18.0)	(514.5)	(617.0)
Capital expenditure	3.3	16.7	3.1	0.1	0.2	0.1	23.5

Comparative segmental disclosures for the year ended 31 March 2006 are as follows:

	Issuer Services £m	Broker Services £m	Information Services £m	Derivatives Services £m	Other £m	Corporate £m	Group £m
Revenue							
Ongoing revenue	56.9	125.5	94.1	7.7	6.9	-	291.1
Exceptional revenue (see note 3)	-	-	6.4	-	-	-	6.4
Total revenue	56.9	125.5	100.5	7.7	6.9	-	297.5
Expenses							
Depreciation and amortisation	(2.6)	(13.0)	(9.2)	(0.9)	(0.2)	(0.6)	(26.5)
Exceptional costs (see note 3)	-	-	-	(23.2)	-	(17.9)	(41.1)
Other expenses	(30.4)	(43.0)	(45.8)	(10.4)	(6.5)	(8.4)	(144.5)
Total expenses	(33.0)	(56.0)	(55.0)	(34.5)	(6.7)	(26.9)	(212.1)
Operating profit	23.9	69.5	45.5	(26.8)	0.2	(26.9)	85.4
Share of profit after tax of joint venture	-	-	1.2	-	-	-	1.2
Assets	19.0	75.2	59.4	1.3	4.5	252.6	412.0
Investment in joint venture	-	-	1.7	-	-	-	1.7
Total assets	19.0	75.2	61.1	1.3	4.5	252.6	413.7
Liabilities	(11.2)	(13.9)	(14.7)	(5.8)	(33.9)	(45.4)	(124.9)
Capital expenditure	1.1	20.0	3.5	0.1	0.8	0.1	25.6

The Other segment represents property letting and activities not directly related to the main four business segments and do not individually constitute separately reportable segments. Corporate expenses are for corporate services which cannot reasonably be allocated to business segments.

Principal operations and customers of the Group are in the United Kingdom.

3. EXCEPTIONAL ITEMS

	2007 £m	2006 £m
Exceptional Information Services revenue	**-**	6.4
Fees in respect of offers for the Company	**(13.5)**	(12.1)
Impairment of goodwill and provision in respect of EDX London Ltd (see notes 9 and 13[1])	**3.1**	(23.1)
Restructuring costs [2]	**(1.0)**	(5.9)
Total exceptional items	**(11.4)**	(34.7)

1 A provision for an onerous operating contract of EDX London Ltd has been released in 2007 as it is no longer required.

2 Restructuring costs of £1.0m (2006: £5.9m) are one-off implementation costs arising from the cost saving programme announced in February 2006.

4. NET FINANCE (COSTS)/INCOME

	2007 £m	2006 £m
Finance income		
Bank deposit and other interest	**4.7**	9.4
Expected return on defined benefit pension scheme assets (see note 14)	**11.9**	10.8
	16.6	20.2
Finance cost		
Interest payable on bank and other borrowings	**(17.8)**	(0.4)
Other finance costs	**(0.5)**	(0.4)
Interest on discounted provision for leasehold properties (see note 13)	**(1.4)**	(1.6)
Defined benefit pension scheme interest cost (see note 14)	**(11.8)**	(11.2)
	(31.5)	(13.6)
Net finance (costs)/income	**(14.9)**	6.6

5. TAXATION

Taxation charged to the income statement	2007 £m	2006 £m
Current tax:		
Corporation tax for the year at 30% (2006: 30%)	**49.6**	30.4
Adjustments in respect of previous years	**(5.1)**	(2.5)
	44.5	27.9
Deferred tax:		
Deferred tax for the current year	**1.3**	(2.0)
Adjustments in respect of previous years	**5.1**	0.8
Taxation charge	**50.9**	26.7

The adjustments in respect of previous years' corporation tax are mainly in respect of tax returns agreed with HM Revenue Customs.

Taxation on items (credited)/charged to equity	2007 £m	2006 £m
Current tax (credit):		
Tax allowance on share options/awards in excess of expense recognised	**(2.3)**	-
Deferred tax charge/(credit):		
Defined benefit pension scheme actuarial gains/(losses)	**0.1**	(1.2)
Tax allowance on share options/awards in excess of expense recognised	**(2.6)**	(2.6)

Factors affecting the tax charge for the year

The reconciling items between the standard rate of corporation tax in the UK of 30% (2006: 30%) and the income statement tax charge for the year are explained below:

	2007 £m	2006 £m
Profit before taxation	**161.5**	93.5
Profits multiplied by standard rate of corporation tax in the UK of 30%	**48.5**	28.1
Expenses not deductible/income not taxable	**3.0**	0.7
Share of joint venture consolidated at profit after tax	**(0.6)**	(0.4)
Adjustments in respect of previous years	**-**	(1.7)
Taxation charge	**50.9**	26.7

6. EARNINGS PER SHARE

Earnings per share is presented on three bases: basic earnings per share; diluted earnings per share; and adjusted basic 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 excludes exceptional items to enable comparison of the underlying earnings of the business with prior periods.

	2007	2006
Basic earnings per share	**50.5p**	27.8p
Diluted earnings per share	**49.4p**	27.4p
Adjusted basic earnings per share	**56.2p**	37.4p
	£m	£m
Profit for the financial year attributable to equity holders	**109.6**	70.7
Adjustments:		
Exceptional items	**11.4**	34.7
Tax effect of exceptional items	**0.6**	(6.5)
Exceptional items and taxation attributable to minority interest	**0.5**	(3.7)
Adjusted profit for the financial year attributable to equity holders	**122.1**	95.2
Weighted average number of shares – million	**217.2**	254.3
Effect of dilutive share options and awards – million	**4.6**	4.1
Diluted weighted average number of shares – million	**221.8**	258.4

The weighted average number of shares excludes those held in the ESOP, reducing the weighted average number of shares to 217.2 million (2006: 254.3 million).

7. DIVIDENDS

	2007 £m	2006 £m
Final dividend for 2005 paid August 2005: 5.0p per Ordinary share	**-**	12.6
Second interim dividend (in lieu of final dividend) for 2006 paid May 2006: 8.0p per Ordinary share	**20.5**	-
Interim dividend for 2007 paid January 2007: 6.0p (2006: 4.0p) per Ordinary share	**12.7**	10.2
	33.2	22.8

The Board has declared a final dividend in respect of the year ended 31 March 2007 of 12.0p per share, which is estimated to amount to £23.1m to be paid on 13 August 2007.

8. PROPERTY, PLANT & EQUIPMENT

	Total £m
Cost:	
1 April 2005	151.1
Additions	5.8
Disposals	(44.3)
31 March 2006	112.6
Additions	6.6
Disposals	(1.4)
31 March 2007	**117.8**
Depreciation:	
1 April 2005	79.4
Charge for the year	12.0
Impairment loss	0.3
Disposals	(43.2)
31 March 2006	48.5
Charge for the year	11.4
Disposals	(0.9)
31 March 2007	**59.0**
Net book values:	
31 March 2007	**58.8**
31 March 2006	64.1

9. INTANGIBLE ASSETS

	Goodwill £m	Software £m	Total £m
Cost:			
1 April 2005	31.2	80.2	111.4
Additions	-	19.8	19.8
Revised estimate of contingent consideration	1.0	-	1.0
Disposals	-	(4.9)	(4.9)
31 March 2006	32.2	95.1	127.3
Additions	-	16.9	16.9
Disposals	-	(0.7)	(0.7)
31 March 2007	**32.2**	**111.3**	**143.5**
Amortisation and accumulated impairment:			
1 April 2005	1.7	44.7	46.4
Charge for the year	-	14.5	14.5
Impairment loss	19.4	0.3	19.7
Disposals	-	(4.9)	(4.9)
31 March 2006	21.1	54.6	75.7
Charge for the year	-	12.7	12.7
Disposals	-	(0.7)	(0.7)
31 March 2007	**21.1**	**66.6**	**87.7**
Net book values:			
31 March 2007	**11.1**	**44.7**	**55.8**
31 March 2006	11.1	40.5	51.6

The net book value of goodwill relates entirely to the Information Services segment.

An impairment review of goodwill and other assets has been carried out in accordance with IAS 36, “Impairment of assets”.

The carrying value of goodwill and other assets in respect of Proquote was supported by the estimated net present value of future cash flows in the business plan over the next five years, with a growth rate of 2.25 per cent beyond that and cash flows discounted using a pre-tax discount rate of 12.6 per cent.

10. TRADE AND OTHER RECEIVABLES

	2007 £m	2006 £m
Trade receivables	**27.0**	20.2
Less: provision for impairment of receivables	**(0.1)**	(0.2)
Trade receivables - net	**26.9**	20.0
Other receivables	**0.2**	0.2
Prepayments and accrued income	**34.3**	29.1
	61.4	49.3

11. TRADE AND OTHER PAYABLES

	2006 £m	2005 £m
Trade payables	**3.3**	2.0
Social security and other taxes	**2.1**	1.9
Other payables	**7.0**	2.1
Share buyback programme[1]	**60.0**	-
Accruals and deferred income	**57.0**	45.1
	129.4	51.1

[1] Shares purchased during the close period following the 2007 year end, under an irrevocable commitment entered into with the Company's corporate brokers prior to the year end, are recorded as a current liability at a total cost of £60m (2006: nil) (see note 15).

12. BORROWINGS

	2007 £m	2006 £m
Current		
Bank borrowings	**155.7**	-
Redeemable Class B shares	**15.7**	-
Other borrowings	**-**	0.6
	171.4	0.6
Non-current		
Bond issue	**248.2**	-
Other borrowings	**0.5**	0.5
	248.7	0.5

Current borrowings

The Company has in place a multicurrency revolving loan facility of £200m, available up to February 2011. Borrowings under the loan facility are unsecured and currently bear interest at a floating rate of LIBOR plus 40 basis points. The interest margin applicable to borrowings under the loan facility is dependant upon the Group net debt: EBITDA ratio.

At 31 March 2007 the Company also had a bridge facility of £250m which is available for drawdown up to September 2007, repayable by July 2008, to fund the share buyback programme. The facility had not been drawn down at 31 March 2007.

Redeemable Class B shares were issued to facilitate the capital return in May 2006. Shareholders who elected to retain their B shares are entitled to a non-cumulative preference dividend based on 75% of six month LIBOR on 1 June and 1 December each year until 1 June 2009 and may redeem their B shares for 200 pence each on those dates. Any outstanding B shares will be redeemed on 1 June 2009.

Non-current borrowings

In July 2006 the Company issued a £250m bond which is unsecured and due for repayment in 2016, with a 5.875% coupon, interest to be paid semi-annually in arrears. The issue price of the bond was £99.679 per £100 nominal. The coupon on the bond is dependent on the Company's credit rating. As a result of a change in the Company's credit rating from Moody's in February 2007 from Baa1 to Baa2, the coupon will increase to 6.125% from July 2007.

13. PROVISIONS

	Property £m	Contingent consideration £m	Other £m	Total £m
1 April 2005	34.8	5.2	-	40.0
Revised estimate of contingent consideration	-	1.0	-	1.0
Exceptional charges during the year	-	-	9.0	9.0
Utilised during the year	(4.8)	(6.2)	(0.1)	(11.1)
Interest on discounted provision	1.6	-	-	1.6
31 March 2006	**31.6**	**-**	**8.9**	**40.5**
Exceptional charges during the year	-	-	1.0	1.0
Utilised during the year	(4.3)	-	(3.6)	(7.9)
Released during year	-	-	(3.1)	(3.1)
Interest on discounted provision	1.4	-	-	1.4
31 March 2007	**28.7**	**-**	**3.2**	**31.9**
Non-current	23.9	-	-	23.9
Current	4.8	-	3.2	8.0
	28.7	**-**	**3.2**	**31.9**

Property

The property provision represents the estimated net present value of future costs for lease rentals and dilapidation costs less the expected receipts from sub-letting space which is surplus to business requirements. The leases have between seven and 21 years to expiry.

Other

As at 31 March 2007, other provisions relate to the one-off implementation costs arising from the cost saving programme announced in February 2006. A provision for an onerous operating contract of EDX London Ltd was released as it is no longer required.

14. RETIREMENT BENEFIT OBLIGATIONS

The Group operates separate defined benefit and defined contribution schemes. The assets of the defined benefit and defined contribution schemes are held separately from those of the Group in a separate trustee administered fund and the funds are primarily managed by Schroder Investment Management Limited, Investec Asset Management Limited and Legal & General Investment Management Limited.

Defined benefit scheme

The defined benefit scheme is non-contributory and provides benefits based on final pensionable pay related to salary earned in the last five years of employment. The defined benefit scheme was closed to new members in 1999 but provides retirement benefits to approximately 20 per cent of current and many former employees. Pension scheme obligations and costs are determined by an independent qualified actuary on a regular basis using the projected unit credit method. The obligations are measured by discounting the best estimate of future cash flows to be paid out by the scheme and are reflected in the Group balance sheet.

Defined contribution schemes

The Group's defined contribution schemes are now the only schemes open to new employees. A core contribution of eight per cent of pensionable pay is provided and the Group will match employee contributions up to a maximum of six per cent of pensionable pay.

AMOUNTS RECOGNISED IN THE INCOME STATEMENT	2007 £m	2006 £m
Defined contribution schemes	**(2.0)**	(2.7)
Defined benefit scheme - current service cost	**(1.4)**	(1.4)
Total pension charge included in employee benefit expense	**(3.4)**	(4.1)
Finance income and costs:		
Interest cost	**(11.8)**	(11.2)
Expected return on assets in the scheme	**11.9**	10.8
Net finance income/(cost)	**0.1**	(0.4)
Total recognised in the income statement	**(3.3)**	(4.5)

DEFINED BENEFIT ASSETS AND OBLIGATIONS

Funded obligations and assets are set out below:	2007 £m	2006 £m	2005 £m
Fair value of assets:			
Equities	**35.7**	69.4	52.2
Bonds	**185.2**	153.3	139.1
Property	**3.7**	-	-
Total fair value of assets	**224.6**	222.7	191.3
Present value of funded obligations	**(239.6)**	(243.0)	(210.0)
Balance sheet liability	**(15.0)**	(20.3)	(18.7)

MOVEMENT IN DEFINED BENEFIT OBLIGATION DURING THE YEAR	2007	2006
	£m	£m
1 April 2006	**243.0**	210.0
Current service cost	**1.4**	1.4
Interest cost	**11.8**	11.2
Benefits paid	**(5.6)**	(5.4)
Actuarial (gain)/loss	**(11.0)**	25.8
31 March 2007	**239.6**	243.0

MOVEMENT IN FAIR VALUE OF PLAN ASSETS DURING THE YEAR	2007	2006
	£m	£m
1 April 2006	**222.7**	191.3
Expected return on assets	**11.9**	10.8
Contributions paid	**6.3**	4.2
Benefits paid	**(5.6)**	(5.4)
Actuarial (loss)/gain	**(10.7)**	21.8
31 March 2007	**224.6**	222.7

15. RECONCILIATION OF MOVEMENTS IN EQUITY

		Attributable to equity holders of the Group						
					Other reserves			
Group	Note	**Ordinary share capital £m**	**Share premium £m**	**Retained earnings £m**	**Capital redemp'n reserve £m**	**Reverse acquisit'n reserve £m**	**Minority interest £m**	**Total equity £m**
1 April 2005		14.9	-	220.3	-	-	1.1	236.3
Total recognised income and expense for the financial year		-	-	70.5	-	-	(3.9)	66.6
Final dividend relating to the year ended 31 March 2005	7	-	-	(12.6)	-	-	-	(12.6)
Interim dividend relating to the year ended 31 March 2006	7	-	-	(10.2)	-	-	-	(10.2)
Issue of new shares		-	4.3	-	-	-	-	4.3
Issue of share capital in subsidiary undertaking[1]		-	-	-	-	-	4.4	4.4
31 March 2006		14.9	4.3	268.0	-	-	1.6	288.8
The Scheme		238.7	(4.3)	(491.7)	257.3	(512.5)	-	(512.5)
Equity transaction costs		-	-	(1.1)	-	-	-	(1.1)
Redemption of B shares		-	-	(0.8)	0.8	-	-	-
Total recognised income and expense for the financial year		-	-	114.7	-	-	1.0	115.7
Second interim dividend relating to the year ended 31 March 2006	7	-	-	(20.5)	-	-	-	(20.5)
Interim dividend relating to the year ended 31 March 2007	7	-	-	(12.7)	-	-	-	(12.7)
Share buyback[2]		(0.6)	-	(169.9)	0.6	-	-	(169.9)
Employee share schemes and own shares		-	-	(37.7)	-	-	-	(37.7)
31 March 2007		**253.0**	**-**	**(351.7)**	**258.7**	**(512.5)**	**2.6**	**(349.9)**

The capital redemption reserve is a non-distributable capital reserve set up primarily by redemption of the B shares. The reverse acquisition reserve is a non-distributable capital reserve arising on consolidation as a result of the Scheme.

[1] Issue of share capital in subsidiary undertaking to minority interest includes £2.8m of converted loans, giving net cash impact of £1.6m.

[2] The Company has entered into an irrevocable commitment with its corporate brokers to purchase shares which in part covers the close period from 1 April 2007 up to the preliminary announcement of the Company's results. This has resulted in £60m being included in the share buyback total of £169.9m and also being recorded as a current liability.

16. CASH GENERATED FROM OPERATIONS

	Group 2007 £m	2006 £m
Profit before taxation	**161.5**	93.5
Depreciation and amortisation	**24.1**	26.5
Impairment loss and provision for EDX London Ltd	**(3.1)**	23.1
Provision for restructuring costs	**1.0**	5.9
Net finance costs/(income)	**14.9**	(6.6)
Investment income	**(0.3)**	(0.3)
Share of profit after tax of joint venture	**(1.9)**	(1.2)
(Increase)/decrease in trade and other receivables	**(13.5)**	2.0
Increase in trade and other payables	**6.0**	3.4
Defined benefit pension obligation - contributions in excess of expenses charged	**(4.9)**	(2.8)
Provisions utilised during the year	**(7.9)**	(4.9)
Share scheme expense	**4.5**	2.0
Cash generated from operations	**180.4**	140.6
Comprising:		
Ongoing operating activities	**198.6**	145.9
Exceptional items (see note 3)	**(18.2)**	(5.3)
	180.4	140.6

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.