3 August 2017

LONDON STOCK EXCHANGE GROUP PLC

INTERIM RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2017

Unless otherwise stated, all figures below refer to continuing operations[1] for the six months ended 30 June 2017. Comparative figures are for continuing operations for the six months ended 30 June 2016 (H1 2016).

- Strong financial performance with income growth across all business areas and 23% AEPS growth

- Successful strategy based on customer partnership, innovation and an Open Access model strongly positions the Group to make further progress as a global financial markets infrastructure business

<u>H1 2017 Highlights</u>

- Continued strong financial performance with income growth across core business areas - in particular, in Information Services, including strong results at FTSE Russell, and OTC clearing at LCH

- Revenue up 18% to £853 million (H1 2016: £722 million); total income up 20% to £946 million (H1 2016: £786 million)

- Adjusted operating profit[2] up 20% at £398 million (H1 2016: £333 million), with underlying operating expenses on an organic and constant currency basis up 5% as the Group continues to invest in growth and efficiencies

- On a reported basis: operating profit of £305 million (H1 2016: £199 million); profit before tax up 69% to £277 million (H1 2016: £164 million); profit after tax of £208 million (H1 2016: £114 million) and £186 million including discontinued operations (H1 2016: loss of £16 million)

- Adjusted EPS[2] up 23% at 71.2 pence (H1 2016: 57.7 pence); basic EPS up 84% to 50.4 pence (H1 2016: 27.4 pence)

- Interim dividend increased 20% to 14.4 pence per share (H1 2016: 12.0 pence per share) in line with our stated dividend policy; £200 million share buyback ongoing

- Strong balance sheet position with leverage of 1.2 times adjusted pro forma net debt:EBITDA, notwithstanding continued investment spend, acquisition of Mergent and ongoing share buybacks

- Announced acquisition of The Yield Book and Citi Fixed Income Indices, including the World Government Bond Index, for total cash consideration of $685 million (£535 million)

- Investor Update event in June highlighted the good progress in executing our strategy, with new information on targeted revenue growth and continued cost control - expected to deliver further improvement to operating leverage, delivering enhanced operating margins and shareholder value

Commenting on performance for the period, Xavier Rolet, Group Chief Executive, said:

"The Group has produced a strong financial performance, with good income growth across all of our core business areas. FTSE Russell and LCH OTC clearing services performed strongly, with double-digit growth at both businesses.

"As well as continuing to deliver organic growth, during the period we announced the acquisition of The Yield Book and Citi Fixed Income Indices business. At our Investor Update in June, we set out targets for further strong financial performance, based on continued execution of our successful growth strategy. The Group remains well placed, diversified both by business activity and by geography. Our Open Access approach and strong customer partnerships also position us well for the implementation of MiFID II, starting in just over 20 weeks' time."

[1] *continuing operations exclude business sold, being Russell Investment Management*
[2] *before amortisation of purchased intangible assets and non-recurring items*

Organic growth is calculated in respect of businesses owned for at least 6 months in either period and so excludes ISPS, Mergent, SwapMatch and Russell Investment Management. The Group's principal foreign exchange exposure arises from translating our European based Euro and US based USD reporting businesses into Sterling.

Further information is available from:

London Stock Exchange Group plc	Lucie Holloway/Ramesh Chhabra – Media	+44 (0) 20 7797 1222
	Paul Froud – Investor Relations	+44 (0) 20 7797 3322

Additional information on London Stock Exchange Group can be found at **www.lseg.com**

The Group will host a conference call of its Interim Results for analysts and institutional shareholders today at 08:30am. On the call will be Xavier Rolet (CEO), David Warren (CFO) and Paul Froud (Head of Investor Relations).

To access the telephone conference call dial 0800 694 0257 or +44 (0) 1452 555 566

Conference ID: 5665 0921

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

Chief Executive's Statement

Overview

The Group has delivered a strong H1 2017 performance as we continue to execute successfully on our strategy, further developing our position as a global, open access market infrastructure business. We launched new products, including the SwapAgent service at LCH for uncleared products and the International Securities Market, a market for primary debt issuance, in London. During the period we completed the acquisition of Mergent, a US-based data and analytics business, and announced the acquisition of The Yieldbook and Citi Index business from Citi, which will strengthen our index and data capabilities in fixed income products. Although the planned merger with Deutsche Börse was not successful, in June we set out clear plans for continued growth in our core business lines and provided targets for further financial improvements over the next two years.

The Group's results reflect strong top line growth in both the Information Services division and at LCH. FTSE Russell delivered a double-digit increase in revenue and Mergent provided additional contribution as it was integrated into the business. At LCH, the OTC clearing services produced another strong performance, with further growth in the established SwapClear business, as well as notable pick-up in CDS and Forex clearing operations. In Capital Markets, the Primary markets businesses showed good progress with an increase in the number of new issues and money raised. Against strong comparatives and challenging trading conditions, Secondary markets saw lower year-on-year trading levels and a small reduction in underlying revenues. Similarly, clearing activity in our Italian post trade businesses reflected the lower trading volumes, offset by stronger settlement, custody and net treasury income.

Underlying operating costs (on an organic and constant currency basis, and excluding cost of sales) increased by 5%. We are benefitting from ongoing cost savings and integration efficiencies, while also continuing to invest in growth opportunities as well as Group infrastructure as our size and geographic scale increases. As we set out at our Investor Update in June, we are confident of delivering further cost savings and holding cost increases to an average of just 4% until the end of 2019.

Our balance sheet remains strong, notwithstanding the investments during the period, as well as the commencement of a £200 million share buyback programme. In line with the Group's progressive dividend policy, we have increased the interim dividend by 20%, to 14.4 pence per share.

Key developments over the period are highlighted below:

- LSEG to acquire The Yield Book and Citi Fixed Income Indices
- The Government Pension Investment Fund of Japan - the largest pension fund in the world with over $1.3 trillion in assets - selected the new FTSE Blossom Japan index as a core ESG benchmark through its flagship fund. The index is constructed using FTSE Russell's ESG Ratings data model
- Launch of LCH SwapAgent, a service designed to simplify the processing, margining and settlement of non-cleared derivatives
- CDSClear launched client clearing
- LCH SA commenced repo clearing on German debt
- International Securities Market, a market for primary debt issuance, launched in London
- AIM reached £100 billion capital raised since launch, of which 60% has been through further issues by existing companies
- ELITE reached more than 600 companies from 25 countries and, in July, announced partnerships with CDP and NUO to help further expand its offering globally
- 1,000 Companies to Inspire Britain 2017 report issued
- LSEG ESG Reporting Guidance published, responding to demand from investors for a more consistent approach to ESG reporting

Further commentary on the Group's performance from continuing operations in the six month period is provided below.

Operational Performance

Revenue for Information Services, the Group's largest business segment, increased 24% to £355 million (up 13% on an organic constant currency basis). This result reflects the continued strong performance by FTSE Russell, with revenue up 16% on an organic constant currency basis to £261 million, as well as the first time contribution of £15 million from Mergent, the US data business acquired at the start of the year. In addition, revenue from real time data increased 3% while other information services grew 8%, both on an organic constant currency basis. Cost of sales on an organic constant currency basis rose 9%, with 13% growth in gross profit on an equivalent basis at £325 million.

Total income for Post Trade Services - LCH, the Group's majority-owned global clearing business, rose 31% to £270 million (up 22% at constant currency). OTC clearing revenue increased 19% on a constant currency basis, driven by another strong performance at SwapClear. As well as a 35% increase in IRS notional cleared, the principal drivers of this growth were a 33% rise in clearing of client trades and further growth in compression services, with $312 trillion compressed in H1 (H1 2016: $178 trillion). There was good progress also at both the CDSClear and ForexClear services, with member numbers up 18% and 17% respectively, and uplift in the notional value cleared by both businesses.

Non-OTC products clearing revenue rose 14% (up 5% at constant currency). Cash equities clearing volume increased 21%, while the Fixed Income and Derivative services recorded 23% and 9% growth respectively in volumes cleared. LCH net treasury income increased 45% at constant currency, with an increase in average cash collateral, up 41% to €86.5 billion, driven in large part by the growth in IRS client clearing. Cost of sales for LCH rose 58% in constant currency terms, mainly reflecting the share arrangements across a number of the clearing services, with a resulting 17% increase in gross profit on a constant currency basis, at £230 million.

Total income for Post Trade Services in Italy, comprising CC&G and Monte Titoli, increased 8% to £74 million (down 2% at constant currency). Cost of sales increased 47% (charges for using the T2S service), while gross profit rose 5% to £66 million (down 5% at constant currency). Clearing revenue was flat on a reported basis (declined 10% at constant currency), reflecting lower clearing volumes in Italian equities, derivatives and fixed income markets. Settlement and custody revenue rose 27% (up 15% at constant currency) principally reflecting a small increase in settlement instructions and assets under custody up 2% to €3.24 trillion. Treasury income reduced 16% on a constant currency basis to £19 million, reflecting lower spreads over the period.

Capital Markets increased H1 revenue by 4% while cost of sales reduced by 23% following a lower contribution from Turquoise, resulting in a 6% increase in gross profit to £181 million (in constant currency terms, revenue was 1% lower while gross profit rose 1%). In primary markets revenue rose 8%, in part reflecting an increase in number of new issues to 84 in the first half of the year (H1 2016: 74), plus growth in UK and Italian money raised, to £23.8 billion raised (H1 2016: £11.8 billion).

In secondary markets, equities trading revenue increased 1% (down 2% in constant currency), reflecting lower trading levels at Turquoise and at Borsa Italiana, partly offset by a 7% rise in UK value traded. Fixed income and derivatives trading revenue increased 7% (down 3% at organic constant currency), with a 14% decline in derivatives volumes and a 7% reduction in repo and cash trading at MTS.

Technology Services revenue increased 8% (flat on an organic and constant currency basis), to £41 million.

Financial Summary

Unless otherwise stated, all figures below refer to continuing operations for the six months ended 30 June 2017. Comparative figures are for continuing operations for the six months ended 30 June 2016 (H1 2016). Variances are also provided on an organic and constant currency basis.

Continuing operations	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Variance %	Organic and constant currency variance[1] %
Revenue				
Information Services [1]	**355**	286	24%	13%
Post Trade Services - LCH	**207**	167	24%	17%
Post Trade Services - CC&G and Monte Titoli	**55**	48	15%	4%
Capital Markets [1]	**190**	182	4%	(1%)
Technology Services	**41**	38	8%	0%
Other revenue	**5**	1	-	-
Total revenue	**853**	722	18%	10%
Net treasury income through CCP business	**75**	56	34%	22%
Other income	**18**	8	-	-
Total income	**946**	786	20%	12%
Cost of sales	**(102)**	(77)	32%	22%
Gross profit	**844**	709	19%	11%
Operating expenses before depreciation and amortisation	**(399)**	(337)	18%	4%
Depreciation and amortisation	**(46)**	(36)	28%	18%
Total operating expenses	**(445)**	(373)	19%	5%
Share of loss after tax of associate	**(1)**	(3)	-	-
Adjusted operating profit [2]	**398**	333	20%	18%
Add back Depreciation and amortisation	**46**	36	28%	18%
Earnings before interest, tax, depreciation and amortisation	**444**	369	20%	18%
Profit on disposal of business	**5**	-	-	-
Amortisation of purchased intangible assets and non-recurring items	**(98)**	(134)	(27%)	(31%)
Operating profit	**305**	199	53%	55%
Earnings per share				
Basic earnings per share (p)	**50.4**	27.4	84%	
Adjusted basic earnings per share (p) [2]	**71.2**	57.7	23%	
Dividend per share (p)	**14.4**	12.0	20%	

[1] *Organic growth is calculated in respect of businesses owned for at least 6 months in either period and so excludes ISPS, Mergent, SwapMatch and Russell Investment Management. The Group's principal foreign exchange exposure arises from translating our European based Euro and US based USD reporting businesses into Sterling.*

[2] *before amortisation of purchased intangible assets and non-recurring items*

The Group has performed well. Revenue increased 18% to £853 million (H1 2016: £722 million), and up 10% on an organic and constant currency basis. As described in the operational performance section above, all core business segments reported headline year-on-year increases, with strong contributions from LCH and Information Services. Total income rose 20% to £946 million (H1 2016: £786 million), including a one-off gain of £6.6 million for disposal of a non-core asset, and up 12% on an organic and constant currency basis. Cost of sales increased 22% in underlying terms to £102 million, (up 32% as reported) primarily as a result of the growth in LCH and FTSE Russell, with gross profit increasing 19% to £844 million.

Operating expenses rose by 5% on an organic and constant currency basis and excluding cost of sales. On a headline basis, costs excluding depreciation and amortisation were 18% higher at £399 million (H1 2016: £337 million), which includes one-off foreign exchange items of £11 million reflecting the closing out of balance sheet positions (mainly related to the Russell Investment Management disposal) and £6 million relating to one-off minor restructurings and other expenses. We remain in a period of heightened investment in organic growth and efficiency projects as we build up Group infrastructure on an increasingly international basis. Depreciation at £46 million is 28% higher than last year, reflecting investments across the Group over the past year.

Adjusted operating profit for the period, before amortisation of purchased intangible assets and non-recurring items, increased 20% to £398 million (H1 2016: £333 million). Operating profit was £305 million (H1 2016: £199 million).

Net finance costs were £28 million (H1 2016: £35 million) following the redemption of a £250 million bond last year and €180 million Preferred Securities at LCH in May 2017. Profit before tax was £277 million (H1 2016: £164 million). The underlying effective Group tax rate for the period was 23.8%, slightly higher, as expected, than the rate for the year ended 31 December 2016 (22.3%).

Adjusted basic EPS, before amortisation of purchased intangible assets and non-recurring items, increased 23% to 71.2 pence (H1 2016: 57.7 pence) while basic EPS was 50.4 pence (H1 2016: 27.4 pence).

On a reported basis, including discontinued operations (principally relating to Russell Investment Management, which was sold 1 June 2016), profit after tax was £186 million (H1 2016: £(16) million), with basic earnings per share of 44.1 pence (H1 2016: basic loss per share of 10.4 pence).

Net cash inflow from operating activities was £275 million (H1 2016: £28 million), the increase reflecting stronger cash generation as well as lower comparative tax payments which last year included a gain on sale of Russell Investment Management. Capital expenditure in the period amounted to £88 million, excluding £5 million proceeds on disposals (H1 2016: £57 million). Looking ahead, we expect capex to run at a slightly higher level in H2 as we continue to invest in further product development and projects to help scale-up our business. Net cash generated after capex, other investing activities (excluding Mergent acquisition) and dividends, was £79 million (H1 2016: £276 million, including Russell Investment Management proceeds and tax paid). Free cash flow per share on the same basis was 59.4p pence (30 June 2016: 107.7 pence).

Committed, undrawn credit lines available for Group purposes at 30 June 2017 totalled over £1 billion, extending out to 2021. During the period, the Group took the opportunity to extend its £600 million revolving credit facilities to increase financial flexibility. It also arranged a $750 million committed, revolving credit line on similar terms to comfortably accommodate the funding requirements related to the acquisition of the Citi Yield Book and Fixed Income Indices businesses which is on track to close in H2 2017. The Group will continue to explore its refinancing options as it moves through 2017, taking opportunities that present themselves to underpin the debt capital structure of the Group.

At 30 June 2017, adjusted net debt had increased to £1,005 million (after setting aside £843 million of cash for regulatory and operational support purposes). The increase was primarily driven by the acquisition of Mergent at the start of the period, redemption in full of the LCH Group Preferred Securities and the buying back of its own shares by LSEG under the £200m programme, announced at the end of March 2017. Adjusted pro forma net debt: EBITDA increased as a result to 1.2 times (from 1.1 times at 31 December 2016), reflecting the continued strong organic cash generation during the period. On a pro forma basis with the inclusion of the proposed acquisition of The Yield Book and Citi Fixed Income Indices, for total cash consideration of $685 million (£535 million), net debt:EBITDA is 1.8 times.

During the period, Standard & Poor's upgraded its long term rating of LSEG to A- with a stable outlook and withdrew the rating of LCH Group at that issuer's request following the redemption of its securities noted above. Moody's upgraded LSEG in July, to an A3 rating with a stable outlook.

The Group had net assets of £3,507 million at 30 June 2017 (31 December 2016: £3,614 million), including £1,170 million in cash and cash equivalents (31 December 2016: £1,151 million).

The Group's principal foreign exchange exposure arises as a result of translating and revaluing its foreign currency earnings, assets and liabilities into LSEG's reporting currency of Sterling. For the 6 months to 30 June 2017, for continuing operations, the main translation exposures for the Group were its Euro reporting businesses (accounting for c.33% of Group income and c.30% of Group expenses) and its US dollar reporting businesses (accounting for c.25% of income and c.16% of expenses). A 10 Euro cent movement in the average £/€ rate for the six months and a 10 cent movement in the average £/US$ rate for the six months would have changed the Group's operating profit for the period before amortisation of purchased intangible assets and non-recurring items by approximately £10 and £5 million in each event.

The Group continues to manage its translation risk exposure by matching the currency of its debt (including debt effectively swapped from Sterling into currency) to the currency of its earnings, where possible, to ensure its key financial ratios are protected from material foreign exchange rate volatility.

Interim Dividend

In line with the Group's dividend policy, the interim dividend is calculated as one-third of the prior full year dividend. Accordingly, the Directors have declared an interim dividend of 14.4 pence per share, an increase of 20% (H1 2016: 12.0 pence per share). The interim dividend will be paid on 19 September 2017 to shareholders on the register on 25 August 2017.

Outlook

The Group has performed well in H1, with our core businesses continuing to grow and further investments made in new products and acquisitions. We expect to deliver increased shareholder returns and in June we set out targets for continued growth and improving financial performance, comprising the following:

FTSE Russell

- Continued double-digit revenue growth - 2017-2019

LCH

- Continued double-digit revenue growth in OTC clearing - 2017-2019
- Accelerating EBITDA margin growth – approaching 50% by 2019 (2016: 35.6%)

LSEG

- Group operating expenses held at c.4% p.a. increase 2017-2019 while Group continues to develop and deliver revenue growth
- Next phase cost saves of £50m p.a. – by exit 2019
- Group EBITDA margin c.55% by 2019 (2016: 46.5%)

The Group's global businesses are well positioned in a changing regulatory environment. New services and product innovation, diversification by business activity and geography, strong customer partnerships and operating a full range of open access market infrastructure services will support the achievement of our targets.

Xavier R Rolet KBE
Group Chief Executive
3 August 2017

Operating Performance – Key statistics

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

Information Services

The Information Services division consists of global indices products, real time data products and a number of other discrete businesses including trade processing operations, desktop and work flow products.

Information Services

	Six months ended 30 June			Organic and constant currency
	2017	2016	Variance	variance[1]
	£m	£m	%	%
Revenue				
FTSE Russell Indexes	**260.5**	193.5	35%	16%
Real time data	**47.4**	44.5	7%	3%
Other information services	**47.0**	47.9	(2%)	8%
Total revenue	**354.9**	285.9	24%	13%
Cost of sales	**(30.0)**	(24.9)	20%	9%
Gross profit	**324.9**	261.0	24%	13%

[1] *Excludes Mergent from FTSE Russell Indexes and ISPS from Other information services*

	As at 30 June		Variance
	2017	2016	%
ETF assets under management benchmarked ($bn)			
FTSE	315	229	38%
Russell Indexes	215	161	34%
Total	**530**	**390**	**36%**
Terminals			
UK	70,000	73,000	(4%)
Borsa Italiana Professional Terminals	127,000	130,000	(2%)

Post Trade Services - LCH

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

	Six months ended 30 June			Constant currency
	2017	2016	Variance	variance
	£m	£m	%	%
Revenue				
OTC - SwapClear, ForexClear & CDSClear	**112.6**	89.0	27%	19%
Non-OTC - Fixed income, Cash equities and Listed derivatives	**66.0**	57.7	14%	5%
Other	**28.6**	20.4	40%	45%
Total revenue	**207.2**	167.1	24%	17%
Net treasury income	**55.5**	35.0	59%	45%
Other income	**7.0**	4.4	-	-
Total income	**269.7**	206.5	31%	22%
Cost of sales	**(40.4)**	(23.2)	74%	58%
Gross profit	**229.3**	183.3	25%	17%

	Six months ended 30 June		Variance
	2017	2016	%
OTC derivatives			
SwapClear			
IRS notional cleared ($tn)	468	346	35%
SwapClear members	106	102	4%
Client trades ('000)	610	460	33%
CDSClear			
Notional cleared (€bn)	297.7	241.8	23%
CDSClear members	13	11	18%
ForexClear			
Notional value cleared ($bn)	4,857	576	743%
ForexClear members	27	23	17%
Non-OTC			
Fixed income - Nominal value (€tn)	42.9	34.9	23%
Listed derivatives (contracts m)	76.4	70.0	9%
Cash equities trades (m)	419.3	345.5	21%
Average cash collateral (€bn)	86.5	61.3	41%

Post Trade Services – CC&G and Monte Titoli

This division comprises the Group's Italian-based clearing, settlement and custody businesses.

	Six months ended 30 June			Constant currency
	2017	2016	Variance	variance
	£m	£m	%	%
Revenue				
Clearing	**20.6**	20.7	(0%)	(10%)
Settlement, Custody & other	**34.7**	27.4	27%	15%
Total revenue	**55.3**	48.1	15%	4%
Net treasury income	**19.4**	21.0	(8%)	(16%)
Total income	**74.7**	69.1	8%	(2%)
Cost of sales	**(8.4)**	(5.7)	47%	35%
Gross profit	**66.3**	63.4	5%	(5%)

	Six months ended 30 June		Variance
	2017	2016	%
CC&G Clearing			
Contracts (m)	60.1	68.5	(12%)
Initial margin held (average €bn)	12.8	11.8	8%
Monte Titoli			
Settlement instructions (trades m)	22.9	22.5	2%
Custody assets under management (average €tn)	3.24	3.17	2%

Capital Markets

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

	Six months ended 30 June			Organic and constant currency
	2017	2016	Variance	variance[1]
	£m	£m	%	%
Revenue				
Primary Markets	**47.7**	44.2	8%	5%
Secondary Markets - Equities	**83.9**	83.1	1%	(2%)
Secondary Markets - Fixed income, derivatives and other	**58.0**	54.3	7%	(3%)
Total revenue	**189.6**	181.6	4%	(1%)
Cost of sales	**(9.0)**	(11.7)	(23%)	(26%)
Gross profit	**180.6**	169.9	6%	1%

[1] *Excludes SwapMatch from Secondary Markets - Equities*

Capital Markets - Primary Markets

	Six months ended 30 June 2017	2016	Variance %
New Issues			
UK Main Market, PSM & SFM	42	25	68%
UK AIM	28	41	(32%)
Borsa Italiana	14	8	75%
Total	**84**	**74**	**14%**

	Six months ended 30 June 2017	2016	Variance %
Money Raised (£bn)			
UK New	2.5	1.9	32%
UK Further	8.4	6.0	40%
Borsa Italiana new and further	12.9	3.9	231%
Total (£bn)	**23.8**	**11.8**	**102%**

Capital Markets - Secondary Markets

	Six months ended 30 June 2017	2016	Variance %
Equity			
Totals for period			
UK value traded (£bn)	683	637	7%
Borsa Italiana (no of trades m)	37.5	40.6	(8%)
Turquoise value traded (€bn)	556	759	(27%)
SETS Yield (basis points)	0.63	0.63	0%
Average daily			
UK value traded (£bn)	5.5	5.1	8%
Borsa Italiana (no of trades '000)	295	320	(8%)
Turquoise value traded (€bn)	4.4	6.0	(27%)
Derivatives (contracts m)			
LSE Derivatives	3.2	2.4	33%
IDEM	20.4	25.2	(19%)
Total	23.6	27.6	(14%)
Fixed Income			
MTS cash and BondVision (€bn)	1,902	2,042	(7%)
MTS money markets (€bn term adjusted)	41,355	44,425	(7%)

Technology Services

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

	Six months ended 30 June			Constant currency
	2017	**2016**	**Variance**	**variance**
Revenue	**£m**	**£m**	**%**	**%**
MillenniumIT & other technology	**41.1**	38.1	8%	0%
Cost of sales	**(12.7)**	(10.6)	20%	9%
Gross profit	**28.4**	27.5	3%	(4%)

Basis of Preparation

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

	Average rate 6 months ended 30 June 2017	Closing rate at 30 June 2017	Average rate 6 months ended 30 June 2016	Closing rate at 30 June 2016
GBP : EUR	1.16	1.14	1.28	1.20
GBP : USD	1.26	1.30	1.43	1.33

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June 2017 (Unaudited)			Six months ended 30 June 2016 (Unaudited)		
		Before acquisition amortisation and non-recurring items	Acquisition amortisation and non-recurring items	Total	Before acquisition amortisation and non-recurring items	Acquisition amortisation and non-recurring items	Total
		£m	£m	£m	£m	£m	£m
					Re-presented[1,2]	Re-presented[1,2]	Re-presented[1,2]
	Notes		(See note 4)			(See note 4)	
Continuing operations							
Revenue	2	**853**	**-**	**853**	722	-	722
Net treasury income through CCP business	2	**75**	**-**	**75**	56	-	56
Other income	2	**18**	**-**	**18**	8	-	8
Total income		**946**	**-**	**946**	786	-	786
Cost of sales	2	**(102)**	**-**	**(102)**	(77)	-	(77)
Gross profit		**844**	**-**	**844**	709	-	709
Expenses							
Operating expenses before depreciation and amortisation	3	**(399)**	**(24)**	**(423)**	(337)	(60)	(397)
Profit on disposal of business		**-**	**5**	**5**	-	-	-
Share of loss after tax of associates		**(1)**	**-**	**(1)**	(3)	-	(3)
Earnings before interest, tax, depreciation and amortisation		**444**	**(19)**	**425**	369	(60)	309
Depreciation and amortisation	3	**(46)**	**(74)**	**(120)**	(36)	(74)	(110)
Operating profit/(loss)	2	**398**	**(93)**	**305**	333	(134)	199
Finance income		**4**	**-**	**4**	2	-	2
Finance expense		**(32)**	**-**	**(32)**	(37)	-	(37)
Net finance expense	5	**(28)**	**-**	**(28)**	(35)	-	(35)
Profit/(loss) before tax from continuing operations		**370**	**(93)**	**277**	298	(134)	164
Taxation	6	**(88)**	**19**	**(69)**	(77)	27	(50)
Profit/(loss) for the financial period from continuing operations		**282**	**(74)**	**208**	221	(107)	114
Discontinued operations							
(Loss)/profit after tax for the period from discontinued operations	7	**-**	**(22)**	**(22)**	18	(148)	(130)
Profit/(loss) for the financial period		**282**	**(96)**	**186**	239	(255)	(16)

	Note						
Profit/(loss) attributable to:							
Equity holders							
Profit/(loss) for the period from continuing operations		**247**	**(72)**	**175**	201	(106)	95
(Loss)/profit for the period from discontinued operations	7	**-**	**(22)**	**(22)**	17	(148)	(131)
		247	**(94)**	**153**	218	(254)	(36)
Non-controlling interests							
Profit/(loss) attributable to non-controlling interests from continuing operations		**35**	**(2)**	**33**	20	(1)	19
Profit/(loss) attributable to non-controlling interests from discontinued operations	7	**-**	**-**	**-**	1	-	1
		35	**(2)**	**33**	21	(1)	20
		282	**(96)**	**186**	239	(255)	(16)
Earnings per share attributable to equity holders							
Basic earnings/(loss) per share	8			**44.1p**			(10.4)p
Diluted earnings/(loss) per share	8			**43.2p**			(10.3)p
Adjusted basic earnings per share	8			**71.2p**			62.5p
Adjusted diluted earnings per share	8			**69.8p**			61.8p
Earnings per share for continuing operations attributable to equity holders							
Basic earnings per share	8			**50.4p**			27.4p
Diluted earnings per share	8			**49.4p**			27.1p
Adjusted basic earnings per share	8			**71.2p**			57.7p
Adjusted diluted earnings per share	8			**69.8p**			57.1p
Dividend per share in respect of the financial period							
Dividend per share paid during the period	9			**31.2p**			25.2p
Dividend per share declared for the period	9			**14.4p**			12.0p

1. Comparative amounts have been re-presented to reflect the presentation of a columnar format by presenting profit for the period before amortisation of purchased intangible assets and non-recurring items.

2. Comparatives have been re-presented to reflect earnings before interest, tax, depreciation and amortisation ('EBITDA') by separately identifying depreciation and amortisation, with no impact to profit before tax or after tax for the period.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	**2016**
	Unaudited	**Unaudited**
	£m	**£m**
Profit/(loss) for the financial period	**186**	(16)
Other comprehensive income/(loss):		
Items that will not be subsequently reclassified to profit or loss		
Defined benefit pension scheme remeasurement gain/(loss)	**11**	(4)
Income tax relating to these items	**(4)**	1
	7	(3)
Items that may be subsequently reclassified to profit or loss		
Net investment hedge	**(8)**	(58)
Exchange (loss)/gain on translation of foreign operations	**(15)**	350
Available for sale financial assets:		
Net gains from changes in fair value	**6**	-
Net gains reclassified to the consolidated income statement on disposal	**(8)**	-
	(25)	292
Other comprehensive (loss)/income, net of tax	**(18)**	289
Total comprehensive income for the financial period	**168**	273
Attributable to non-controlling interests	**45**	64
Attributable to equity holders	**123**	209
Total comprehensive income for the financial period	**168**	273

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2017 Unaudited £m	30 June 2016 Unaudited £m	31 December 2016 £m
Assets				
Non-current assets				
Property, plant and equipment		**113**	97	108
Intangible assets	10	**4,185**	4,018	4,124
Investment in associates		**3**	5	3
Deferred tax assets		**49**	53	68
Available for sale investments	12	**83**	35	28
Retirement benefit assets		**14**	25	2
Other non-current receivables	11, 12	**82**	153	88
		4,529	4,386	4,421
Current assets				
Inventories		**3**	6	3
Trade and other receivables	11, 12	**726**	458	637
Derivative financial instruments	12	**-**	6	-
CCP financial assets		**526,546**	525,608	504,833
CCP cash and cash equivalents (restricted)		**63,253**	44,337	53,553
CCP clearing business assets	12	**589,799**	569,945	558,386
Current tax		**102**	6	124
Assets held at fair value	12	**2**	54	74
Cash and cash equivalents	12	**1,170**	1,002	1,151
		591,802	571,477	560,375
Total assets		**596,331**	575,863	564,796
Liabilities				
Current liabilities				
Trade and other payables	12, 13	**756**	618	601
CCP clearing business liabilities	12	**589,862**	569,946	558,478
Current tax		**62**	54	61
Borrowings	12, 14	**758**	534	619
Provisions	12	**1**	1	1
		591,439	571,153	559,760
Non-current liabilities				
Borrowings	12, 14	**548**	547	547
Derivative financial instruments	12	**26**	12	19
Deferred income		**-**	1	-
Deferred tax liabilities		**660**	684	705
Retirement benefit obligations		**77**	45	75
Other non-current payables	12, 13	**64**	54	66
Provisions	12	**10**	10	10
		1,385	1,353	1,422
Total liabilities		**592,824**	572,506	561,182
Net assets		**3,507**	3,357	3,614
Equity				
Capital and reserves attributable to the Company's equity holders				
Ordinary share capital		**24**	24	24
Share premium		**961**	961	961
Retained earnings		**125**	146	260
Other reserves		**1,861**	1,751	1,861
Total shareholders' funds		**2,971**	2,882	3,106
Non-controlling interests		**536**	475	508
Total equity		**3,507**	3,357	3,614

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	Six months ended 30 June 2017 Unaudited £m	2016 Unaudited £m
Cash flow from operating activities			
Cash generated from operations	16	**371**	236
Interest received		**3**	2
Interest paid		**(37)**	(39)
Corporation tax paid		**(59)**	(171)
Withholding tax paid		**(3)**	-
Net cash inflow from operating activities		**275**	28
Cash flow from investing activities			
Purchase of property, plant and equipment		**(27)**	(12)
Proceeds from disposal of property, plant and equipment		**5**	-
Purchase of intangible assets		**(61)**	(45)
Net (payments)/proceeds from sale of a disposal group	7	**(2)**	594
Cash disposed as a part of disposal group		**-**	(185)
Investment in other acquisition		**-**	(1)
Acquisition of business, net of cash acquired	17	**(118)**	-
Investment in associates		**-**	(8)
Proceeds from disposal of available for sale financial assets		**7**	-
Proceeds from disposal of business	4	**9**	-
Dividends received from associates		**-**	1
Net cash (outflow)/inflow from investing activities		**(187)**	344
Cash flow from financing activities			
Dividends paid to shareholders	9	**(109)**	(88)
Dividends paid to non-controlling interests		**(18)**	(11)
Purchase of treasury shares relating to share buyback		**(98)**	-
Redemption of preferred securities		**(155)**	-
Capital contributions in relation to non-controlling interests		**-**	20
Proceeds from own shares on exercise of employee share options		**1**	1
Purchase of own shares by ESOP Trust		**(5)**	-
Repayments of finance lease		**-**	(3)
Net proceeds/(repayment) of borrowings		**296**	(571)
Net cash outflow from financing activities		**(88)**	(652)
Increase/(decrease) in cash and cash equivalents		**-**	(280)
Cash and cash equivalents at beginning of period		**1,151**	1,176
Exchange gain on cash and cash equivalents		**19**	106
Cash and cash equivalents at end of period		**1,170**	1,002

Group cash flow does not include cash and cash equivalents held by the Group's Post Trade operations 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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders						
	Ordinary share capital	Share premium	Retained earnings/ (losses)	Other reserves	Total attributable to equity holders	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
31 December 2015	24	960	255	1,505	2,744	452	3,196
(Loss)/profit for the period	-	-	(36)	-	(36)	20	(16)
Other comprehensive (loss)/income for the financial period	-	-	(1)	246	245	44	289
Issue of shares	-	1	-	-	1	-	1
Final dividend relating to the year ended 31 December 2015 (Note 9)	-	-	(88)	-	(88)	-	(88)
Employee share scheme expenses	-	-	12	-	12	-	12
Tax in relation to employee share scheme expenses	-	-	3	-	3	-	3
Dividend payments to non-controlling interests	-	-	-	-	-	(18)	(18)
Net contributions in relation to non-controlling interests	-	-	-	-	-	15	15
Disposal of business	-	-	1	-	1	(38)	(37)
30 June 2016 (Unaudited)	24	961	146	1,751	2,882	475	3,357
31 December 2016	24	961	260	1,861	3,106	508	3,614
Profit for the period	**-**	**-**	**153**	**-**	**153**	**33**	**186**
Other comprehensive income/(loss) for the financial period	**-**	**-**	**1**	**(31)**	**(30)**	**12**	**(18)**
Final dividend relating to the year ended 31 December 2016 (Note 9)	**-**	**-**	**(109)**	**-**	**(109)**	**-**	**(109)**
Dividend payments to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(18)**	**(18)**
Employee share scheme expenses	**-**	**-**	**14**	**-**	**14**	**-**	**14**
Tax in relation to employee share scheme expenses	**-**	**-**	**6**	**-**	**6**	**1**	**7**
Share buyback [1]	**-**	**-**	**(200)**	**-**	**(200)**	**-**	**(200)**
Disposal of business (Note 7)	**-**	**-**	**-**	**31**	**31**	**-**	**31**
30 June 2017 (Unaudited)	**24**	**961**	**125**	**1,861**	**2,971**	**536**	**3,507**

The other reserves are set out on page 116 of the Group's Annual Report for the year ended 31 December 2016. The movement in the current period includes a charge of £23m to the foreign exchange reserves and a charge of £8m to the hedging reserve.

The Board approved the allotment and issue of 10,984 ordinary shares of par value $6^{79/86}$p at £11.64 each in the Company to satisfy options granted under the Company's Save-As-You-Earn and International Sharesave Plans.

The Group also issued 136,408 ordinary shares at par value to the Employee Benefit Trust in relation to the Group's employee share option scheme.

[1] During the period, the Company entered into an irrevocable commitment with its corporate brokers to purchase shares which in part covers the close period from 1 July 2017 up to the announcement of the Group's half year results. As at 30 June 2017, the remaining obligation in relation to the share purchase commitment was £102m and is presented within trade and other payables.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Interim Report for the London Stock Exchange Group plc (the 'Group' or the 'Company') for the six months ended 30 June 2017 was approved by the Directors on 3 August 2017.

1. Basis of preparation and accounting policies

The interim condensed consolidated financial statements of London Stock Exchange Group plc and its subsidiaries (collectively, the 'Group') for the six months ended 30 June 2017 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard 34 (IAS 34), 'Interim Financial Reporting' as adopted by the European Union.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016.

The principal accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

The Group has adopted a columnar format for the presentation of its condensed consolidated income statement. The change in presentation enables the Group to aid the reader's understanding of its results by presenting profit for the period before amortisation of purchased intangible assets and non-recurring items. This is the profit measure used to calculate adjusted earnings per share. Additionally, the interim condensed consolidated financial statements have changed its reporting from one decimal place to whole numbers.

The condensed consolidated income statement for period ended 30 June 2017 includes an additional performance measure, being earnings before interest, tax, depreciation and amortisation ('EBITDA'), on the face of the income statement. This inclusion is to further assist users in understanding the financial performance of the Group and does not impact previously reported profit before tax or profit after tax for the period.

All comparative amounts relate to the six months ended 30 June 2016, unless otherwise stated.

All other notes to the financial statements include amounts for continuing operations, unless otherwise stated.

There were no standards, interpretations or amendments issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee of the IASB (IFRIC), effective as of 1 January 2017 that have been newly adopted in these interim condensed consolidated financial statements.

The following standards and interpretations were issued by the IASB and IFRIC, but have not been adopted either because they were not endorsed by the European Union (EU) at 30 June 2017 or they are not yet mandatory and the Group has not chosen to early adopt. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, and where appropriate, a description of the impact of certain standards and amendments is provided below:

International accounting standards and interpretations	Effective date
Amendment to IAS 7, 'Statement of cash flows' on changes in liabilities arising from financing activities	1 January 2017
Amendment to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealised losses	1 January 2017
Amendment to IFRS 2, 'Share-based payment' on classification and measurement of share-based payment transactions	1 January 2018
Amendment to IFRS 4 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments'	1 January 2018
IFRS 9, 'Financial instruments' on classification and measurement and amendments regarding general hedge accounting	1 January 2018
IFRS 15, 'Revenue from contracts with customers'	1 January 2018
Amendments to IAS 40, 'Transfers of investment property'	1 January 2018
IFRS 16, 'Leases'	1 January 2019
IFRS 17, 'Insurance contracts'	1 January 2021
IFRIC 22, 'Foreign currency transactions and advance consideration'	1 January 2018
IFRIC 23, 'Uncertainty over income tax treatments'	1 January 2019
Annual improvements 2014-2016	1 January 2017- 2018

IFRS 15 'Revenue from contracts' with customers introduces new accounting principles for revenue recognition for all types of sales of goods or services. It is effective from 1 January 2018 and as a result the Group will adopt IFRS 15 in both the interim and annual 2018 financial statements. IFRS 15 provides a single, principles-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers, and replaces the separate models for goods, services and construction contracts currently included in IAS 11 'Construction Contracts' and IAS 18 'Revenue'.

Based on the provisional assessment, the key areas of judgement expected on initial adoption of IFRS 15 are in relation to: (i) the timing of revenue recognition for services provided; (ii) the measurement of variable consideration which changes against factors outside of the Group's control; and (iii) how performance obligations are satisfied in contracts providing several services to customers. The Group will continue to assess the impact throughout the year.

IFRS 9 ‘Financial instruments’ is effective for the year ended 31 December 2018 and will simplify the classification of financial instruments for measurement purposes. The implementation of IFRS 9 is not currently expected to have a significant impact on the interim condensed consolidated financial statements.

IFRS 16 ‘Leases’ is effective for the year ended 31 December 2019 (not yet endorsed by the EU) and will require all leases to be recognised on the balance sheet. Currently, IAS 17 ‘Leases’ only requires leases categorised as finance leases to be recognised on the balance sheet, with leases categorised as operating leases not recognised. In broad terms, the impact will be to recognise a lease liability and corresponding asset for the operating lease commitments.

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

The statutory financial statements of London Stock Exchange Group plc for the year ended 31 December 2016, which carried an unqualified audit report, have been delivered to the Registrar of Companies and did not contain a statement under section 498 of the Companies Act 2006.

The interim condensed consolidated financial statements are unaudited but have been reviewed by the auditors and their review opinion is in included in this report.

The interim condensed consolidated financial statements do not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006.

2. Segmental information

Segmental disclosures for the six months ended 30 June 2017 are as follows:

Unaudited	Capital Markets £m	Post Trade Services - CC&G and Monte Titoli £m	Post Trade Services - LCH £m	Information Services £m	Technology Services £m	Other £m	Eliminations £m	Group £m
Revenue from external customers	**190**	**55**	**207**	**355**	**41**	**5**	**-**	**853**
Inter-segmental revenue	**-**	**-**	**-**	**-**	**8**	**-**	**(8)**	**-**
Revenue	**190**	**55**	**207**	**355**	**49**	**5**	**(8)**	**853**
Net treasury income through CCP business	**-**	**19**	**56**	**-**	**-**	**-**	**-**	**75**
Other income	**-**	**-**	**7**	**-**	**-**	**11**	**-**	**18**
Total income	**190**	**74**	**270**	**355**	**49**	**16**	**(8)**	**946**
Cost of sales	**(9)**	**(8)**	**(40)**	**(30)**	**(13)**	**(2)**	**-**	**(102)**
Gross profit	**181**	**66**	**230**	**325**	**36**	**14**	**(8)**	**844**
Share of loss after tax of associate	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Operating profit/(loss) before amortisation of purchased intangible assets and non-recurring items	**85**	**30**	**91**	**198**	**(2)**	**(3)**	**(1)**	**398**
Amortisation of purchased intangible assets								**(74)**
Non-recurring items								**(19)**
Operating profit								**305**
Net finance expense								**(28)**
Profit before tax from continuing operations								**277**
Other income statement items								
Depreciation and software amortisation	**(6)**	**(6)**	**(22)**	**(9)**	**(3)**	**(1)**	**1**	**(46)**

Net treasury income through CCP business of £75m comprises gross interest income of £351m less gross interest expense of £276m.

Segmental disclosures for the six months ended 30 June 2016 are as follows:

Unaudited	Capital Markets £m	Post Trade Services - CC&G and Monte Titoli £m	Post Trade Services - LCH £m	Information Services £m	Technology Services £m	Other £m	Eliminations £m	Group £m
Revenue from external customers	182	48	167	286	38	1	-	722
Inter-segmental revenue	-	-	-	-	5	-	(5)	-
Revenue	182	48	167	286	43	1	(5)	722
Net treasury income through CCP business	-	21	35	-	-	-	-	56
Other income	-	-	4	-	-	4	-	8
Total income	182	69	206	286	43	5	(5)	786
Cost of sales	(12)	(6)	(23)	(25)	(11)	-	-	(77)
Gross profit	170	63	183	261	32	5	(5)	709
Share of loss after tax of associates	-	-	-	-	-	(3)	-	(3)
Operating profit/(loss) before amortisation of purchased intangible assets and non-recurring items	88	31	55	158	1	1	(1)	333
Amortisation of purchased intangible assets								(74)
Non-recurring items								(60)
Operating profit								199
Net finance expense								(35)
Profit before tax from continuing operations								164
Other income statement items								
Depreciation and software amortisation	(4)	(5)	(16)	(9)	(3)	-	1	(36)

Net treasury income through CCP business of £56m comprises gross interest income of £193m less gross interest expense of £137m.

3. Expenses by nature

Expenses comprise the following:

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	£m	£m
Employee costs	**231**	223
IT costs	**59**	42
Other costs	**109**	72
Operating expenses before depreciation and amortisation	**399**	337
Depreciation and non-acquisition software amortisation	**46**	36
Total operating expenses	**445**	373

4. Acquisition amortisation and non-recurring items

		Six months ended 30 June	
		2017	2016
		Unaudited	Unaudited
	Note	£m	£m
Amortisation of purchased intangible assets		**74**	74
Transaction costs		**17**	55
Restructuring costs		**5**	-
Integration costs		**2**	5
Profit on disposal of business		**(5)**	-
		19	60
Total affecting profit before tax		**93**	134
Tax effect on items affecting profit before tax			
Deferred tax on amortisation of purchased intangible assets		**(20)**	(20)
Current tax on amortisation of purchased intangible assets		**(1)**	(1)
Tax effect on other items affecting profit before tax		**2**	(6)
Total tax effect on items affecting profit before tax		**(19)**	(27)
Total charge to continuing income statement		**74**	107
Loss after tax from discontinued operations	7	**22**	148
Total charge to income statement		**96**	255

Transaction costs comprise charges incurred for ongoing services related to proposed or completed merger and acquisition transactions.

Restructuring and integration costs principally relate to the restructuring of LCH Group and integration of Mergent Inc. (Mergent).

The £5m profit of disposal of a subsidiary relates to the sale of Information Services Professional Solutions (ISPS), a business line of BIt Market Services S.p.A, for a cash consideration of €10m (£9m). The net assets disposed contained brands, intellectual property and capitalised research and development investments, used for carrying out the ISPS' business along with identified agreements with suppliers and clients and employment relationships.

Loss after tax on discontinued operations relates to the disposal of Russell Investment Management business. See note 7 for further details.

5. Net finance expense

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	£m	£m
Finance income		
Bank deposit and other interest income	**1**	1
Defined benefit pension scheme interest income	**-**	1
Other finance income	**3**	-
	4	2
Finance expense		
Interest payable on bank and other borrowings	**(28)**	(35)
Defined benefit pension scheme interest cost	**(1)**	(1)
Other finance expenses	**(3)**	(1)
	(32)	(37)
Net finance expense	**(28)**	(35)

Net finance expense includes amounts where the Group earns negative interest on its cash deposits.

6. Taxation

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Taxation charged to the income statement	£m	£m
Current tax:		
UK corporation tax for the period	**39**	39
Overseas tax for the period	**55**	35
Adjustments in respect of previous years	**-**	1
	94	75
Deferred tax:		
Deferred tax for the period	**(4)**	(4)
Adjustments in respect of previous years	**-**	(1)
Deferred tax liability on amortisation of purchased intangible assets	**(21)**	(20)
	(25)	(25)
Taxation charge	**69**	50

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

Taxation on items not credited/(charged) to income statement

	Six months ended 30 June	
	2017	**2016**
	Unaudited	**Unaudited**
	£m	**£m**
Current tax credit:		
Tax allowance on share options/awards in excess of expense recognised	**1**	5
Deferred tax (expense)/credit:		
Tax allowance on defined benefit pension scheme remeasurements	**(4)**	1
Tax allowance on share options/awards in excess of expense recognised	**6**	(2)
	3	4

Factors affecting the tax charge for the period

The income statement tax charge for the period differs from the standard rate of corporation tax in the UK of 19.25% (30 June 2016: 20%) as explained below:

		Six months ended 30 June	
		2017	**2016**
		Unaudited	**Unaudited**
	Notes	**£m**	**£m**
Profit before taxation from continuing operations		**277**	164
(Loss)/profit before taxation from discontinued operations	7	**(23)**	78
		254	242
Profit multiplied by standard rate of corporation tax in the UK		**49**	48
Profit on disposal of discontinued operations		**-**	169
Expenses not deductible		**12**	11
Overseas earnings taxed at higher rate		**10**	35
Amortisation of purchased intangible assets at overseas rates		**(3)**	(5)
Taxation charge		**68**	258
Income tax from continuing operations		**69**	50
Income tax attributable to discontinued operations	7	**(1)**	208
		68	258

The tax rate applied as at 30 June 2017 is the expected rate for the full financial year.

Judgements and estimates

An amount of £1m has been provided for uncertain tax positions. This reflects ongoing discussions with the tax authorities regarding the uncertainty arising from the introduction of UK Diverted Profits Tax.

7. Discontinued operations

In the prior period, the Group completed the sale of the Russell Investment Management business to TA Associates and Reverence Capital Partners for US$1,150m (£794m) total consideration.

The Group incurred a non-recurring loss of $29m (£23m) in the period (30 June 2016: £49m gain) relating to the disposal of the Russell Investment Management business.

During the period, the Group recognised $18m (£14m) current tax and other receivable in relation to the disposed business. Subsequently, the Group recorded a $21m (£17m) adjustment to the disposal balance sheet relating to tax balances at the disposal date and a $8m (£6m) reduction to the net proceeds received on disposal as a result of the finalisation of the completion statement, which resulted in a $2m (£2m) cash payment by the Group. The disposal accounting and final tax position will be finalised on completion of the relevant tax returns.

The results of the Russell Investment Management business for the five month period to 31 May 2016 are included in the comparatives as discontinued operations in the Group's interim condensed consolidated income statement.

The results of discontinued operations are presented below:

	Six months ended 30 June	
	2017	**2016**
	Unaudited	**Unaudited**
	£m	**£m**
Revenue	**-**	390
Other income	**-**	1
Total income	**-**	391
Cost of sales	**-**	(200)
Expenses		
Expenses before non-recurring items	**-**	(163)
Non-recurring items	**(23)**	49
Operating (loss)/profit	**(23)**	77
Net finance income	**-**	1
(Loss)/profit before tax from discontinued operations	**(23)**	78
Taxation on profit before non-recurring items	**-**	(11)
Taxation on non-recurring items	**1**	(197)
Total taxation	**1**	(208)
Loss for the period from discontinued operations	**(22)**	(130)
Attributable to:		
Equity holders	**(22)**	(131)
Non-controlling interests	**-**	1
	(22)	(130)

The net cash flows incurred by discontinued operations during the period are as follows:

	Six months ended 30 June	
	2017	**2016**
	Unaudited	**Unaudited**
	£m	**£m**
Cash flow from operating activities	**-**	59
Cash flow from investing activities	**-**	(8)
Cash flow from financing activities	**-**	20
Net cash inflow	**-**	71

8. Earnings per share

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

	Six months ended 30 June					
	2017 Unaudited			2016 Unaudited		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Basic earnings/(loss) per share	**50.4p**	**(6.3)p**	**44.1p**	27.4p	(37.8)p	(10.4)p
Diluted earnings/(loss) per share	**49.4p**	**(6.2)p**	**43.2p**	27.1p	(37.4)p	(10.3)p
Adjusted basic earnings per share	**71.2p**	**-**	**71.2p**	57.7p	4.8p	62.5p
Adjusted diluted earnings per share	**69.8p**	**-**	**69.8p**	57.1p	4.7p	61.8p

Profit and adjusted profit for the financial period attributable to the Company's equity holders

	Six months ended 30 June					
	2017 Unaudited			2016 Unaudited		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£m	£m	£m	£m	£m	£m
Profit/(loss) for the financial period attributable to the Company's equity holders	**175**	**(22)**	**153**	95	(131)	(36)
Adjustments:						
Amortisation and non-recurring items						
Amortisation of purchased intangible assets	**74**	**-**	**74**	74	-	74
Transaction costs	**17**	**-**	**17**	55	-	55
Restructuring costs	**5**	**-**	**5**	-	-	-
Integration costs	**2**	**-**	**2**	5	-	5
(Profit)/loss on disposal of business	**(5)**	**23**	**18**	-	(49)	(49)
	93	**23**	**116**	134	(49)	85
Other adjusting items:						
Tax effect of amortisation of purchased intangibles and non-recurring items	**(19)**	**(1)**	**(20)**	(27)	197	170
Amortisation of purchased intangible assets, non-recurring items and taxation attributable to non-controlling interests	**(2)**	**-**	**(2)**	(1)	-	(1)
Adjusted profit for the financial period attributable to the Company's equity holders	**247**	**-**	**247**	201	17	218
Weighted average number of shares - million			**347**			348
Effect of dilutive share options and awards - million			**7**			4
Diluted weighted average number of shares - million			**354**			352

The weighted average number of shares excludes those held in the employee benefit trust and treasury shares held by the Group.

9. Dividends

	Six months ended 30 June	
	2017	**2016**
	Unaudited	**Unaudited**
	£m	**£m**
Final dividend for 31 December 2016 paid 31 May 2017: 31.2p per Ordinary share	**109**	-
Final dividend for 31 December 2015 paid 1 June 2016: 25.2p per Ordinary share	**-**	88
	109	88

The Board has proposed an interim dividend in respect of the six month period ended 30 June 2017 of 14.4p per share, amounting to an estimated £50m, to be paid on 19 September 2017. This is not reflected in these interim condensed consolidated financial statements.

10. Intangible assets

		Purchased intangible assets				
	Goodwill	Customer and supplier relationships	Brands	Software, licenses and intellectual property	Software and other	Total
Unaudited	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
30 June 2016	2,027	1,672	918	430	440	5,487
Acquisition of subsidiaries	1	-	-	-	-	1
Additions	-	-	-	-	67	67
Disposals	-	-	-	-	(8)	(8)
Foreign exchange	69	59	53	4	4	189
31 December 2016	2,097	1,731	971	434	503	5,736
Acquisition of subsidiary	**73**	**54**	**1**	**14**	**11**	**153**
Additions	**-**	**-**	**-**	**-**	**65**	**65**
Disposal of business	**-**	**-**	**-**	**-**	**(8)**	**(8)**
Foreign exchange	**9**	**(4)**	**(37)**	**-**	**11**	**(21)**
30 June 2017	**2,179**	**1,781**	**935**	**448**	**582**	**5,925**
Accumulated amortisation and impairment:						
30 June 2016	492	427	93	262	195	1,469
Impairment	-	-	-	-	8	8
Amortisation charge for the period	-	44	24	14	30	112
Disposals	-	-	-	-	(7)	(7)
Foreign exchange	8	10	5	1	6	30
31 December 2016	500	481	122	277	232	1,612
Amortisation charge for the period	**-**	**46**	**19**	**9**	**34**	**108**
Disposal of business	**-**	**-**	**-**	**-**	**(6)**	**(6)**
Foreign exchange	**12**	**8**	**(3)**	**1**	**8**	**26**
30 June 2017	**512**	**535**	**138**	**287**	**268**	**1,740**
Net book values:						
30 June 2017 (Unaudited)	**1,667**	**1,246**	**797**	**161**	**314**	**4,185**
31 December 2016	1,597	1,250	849	157	271	4,124
30 June 2016 (Unaudited)	1,535	1,245	825	168	245	4,018

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 remaining amortisation periods of the Group's purchased intangible assets range between: 1 and 15 years for the Italian Group; 1 and 20 years for the LCH Group and the FTSE Group; and 1 and 23 years for the Frank Russell Group.

During the period, the Group acquired the entire share capital of Mergent which resulted in an increase of goodwill in the Group of £73m. Further details are provided in Note 17.

In the prior year, the Group acquired a 60% equity shareholding in Turquoise SwapMatch Limited (SwapMatch) for a cash consideration of £1.5m and recognised £1m in goodwill.

Following a review of software assets across the Group, no impairment charge was recognised in the period (30 June 2016: nil).

During the period, additions relating to internally generated software amounted to £65m (30 June 2016: £46m).

The carrying value of licenses held under finance leases at 30 June 2017 amounted to nil (30 June 2016: £1m).

11. Trade and other receivables

	30 June 2017 Unaudited £m	2016 Unaudited £m
Current		
Trade receivables	**377**	242
Less: Provision for impairment of receivables	**(16)**	(11)
Trade receivables - net	**361**	231
Prepayments and accrued income	**214**	164
Amounts due from an associate	**28**	-
Other receivables	**123**	63
	726	458
Non-current		
Other receivables	**82**	153
	82	153
Total	**808**	611

Other non-current receivables include £81m (30 June 2016: £99m) of deferred consideration.

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

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

12. Financial assets and financial liabilities

Financial instruments by category

The financial instruments of the Group at 30 June 2017 are categorised as follows:

30 June 2017 **Unaudited**	**Loans and receivables** **£m**	**Available for sale at fair value through OCI** **£m**	**Financial instruments at fair value through profit or loss** **£m**	**Total** **£m**
Assets as per balance sheet				
Financial assets of the CCP clearing businesses:				
– CCP trading assets	-	-	367,726	**367,726**
– Receivables for repurchase transactions	124,083	-	-	**124,083**
– Other receivables from clearing members	9,078	-	-	**9,078**
– Other financial assets	15	20,679	4,965	**25,659**
– Cash and cash equivalents of clearing members	63,253	-	-	**63,253**
Financial assets of the CCP clearing businesses	196,429	20,679	372,691	**589,799**
Available for sale investments	-	83	-	**83**
Other non-current receivables	82	-	-	**82**
Trade and other receivables	726	-	-	**726**
Cash and cash equivalents	1,150	20	-	**1,170**
Assets held at fair value	-	2	-	**2**
Total	198,387	20,784	372,691	**591,862**

There were no transfers between categories during the period.

30 June 2017 **Unaudited**	**Financial liabilities at amortised cost** **£m**	**Financial liabilities at fair value through profit and loss** **£m**	**Total** **£m**
Liabilities as per balance sheet			
Financial liabilities of the CCP clearing business:			
– CCP trading liabilities	-	367,726	**367,726**
– Liabilities under repurchase transactions	124,083	-	**124,083**
– Other payables to clearing members	98,053	-	**98,053**
Total financial liabilities of the CCP clearing business	222,136	367,726	**589,862**
Trade and other payables	756	-	**756**
Borrowings	1,306	-	**1,306**
Provisions	11	-	**11**
Other non-current payables:			
– Put options over non-controlling interests	-	48	**48**
– Other non-current payables	16	-	**16**
	16	48	**64**
Derivatives used for hedging:			
Net investment hedges:			
- Cross currency interest rate swaps	-	26	**26**
Total	224,225	367,800	**592,025**

There were no transfers between categories during the period.

The financial instruments of the Group at 30 June 2016 are categorised as follows:

30 June 2016 Unaudited	Loans and receivables £m	Available for sale at fair value through OCI £m	Financial instruments at fair value through profit or loss £m	Total £m
Assets as per balance sheet				
Financial assets of the CCP clearing business:				
– CCP trading assets	-	-	339,611	339,611
– Receivables for repurchase transactions	151,426	-	-	151,426
– Other receivables from clearing members	11,032	-	-	11,032
– Financial assets	-	10,721	12,818	23,539
– Cash and cash equivalents of clearing members	44,337	-	-	44,337
Financial assets of the CCP clearing business	206,795	10,721	352,429	569,945
Other non-current receivables	153	-	-	153
Trade and other receivables	458	-	-	458
Cash and cash equivalents	992	10	-	1,002
Assets held at fair value	-	54	-	54
Available for sale investments	-	35	-	35
Derivatives not designated as hedges:				
- Foreign exchange forward contracts	-	-	1	1
Derivatives used for hedging:				
Net investment hedges:				
- Cross currency interest rate swaps	-	-	5	5
Total	208,398	10,820	352,435	571,653

There were no transfers between categories during the prior period.

30 June 2016 Unaudited	Financial liabilities at amortised cost £m	Financial liabilities at fair value through profit and loss £m	Total £m
Liabilities as per balance sheet			
Financial liabilities of the CCP clearing business:			
– CCP trading liabilities	-	339,611	339,611
– Liabilities under repurchase transactions	151,426	-	151,426
– Other payables to clearing members	78,891	-	78,891
– Financial liabilities held at fair value	-	18	18
Total financial liabilities of the CCP clearing business	230,317	339,629	569,946
Trade and other payables	618	-	618
Borrowings	1,081	-	1,081
Provisions	11	-	11
Other non-current payables:			
– Put options over non-controlling interests	-	37	37
– Other non-current payables	17	-	17
	17	37	54
Derivatives used for hedging:			
Net investment hedges:			
- Cross currency interest rate swaps	-	12	12
Total	232,044	339,678	571,722

There were no transfers between categories during the prior period.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities as at 30 June 2017:

30 June 2017 Unaudited	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Total fair value £m
Financial assets measured at fair value:				
CCP trading assets:				
Derivative instruments:				
- Futures	4,697	-	-	**4,697**
- Options	1,638	-	-	**1,638**
- Commodities derivatives	59	-	-	**59**
Non-derivative instruments:				
- CCP transactions	60	361,272	-	**361,332**
Financial assets held at fair value:				
- Government bonds	25,644	-	-	**25,644**
Fair value of transactions with CCP members	32,098	361,272	-	**393,370**
Available for sale investments:				
- Government bonds	83	-	-	**83**
Assets held at fair value:				
- Government bonds	2	-	-	**2**
Cash and cash equivalents:				
- Government bonds	20	-	-	**20**

30 June 2017 Unaudited	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Total fair value £m
Financial liabilities measured at fair value:				
CCP trading liabilities:				
Derivative instruments:				
- Futures	4,697	-	-	**4,697**
- Options	1,638	-	-	**1,638**
- Commodities derivatives	59	-	-	**59**
Non-derivative instruments:				
- CCP transactions	60	361,272	-	**361,332**
Financial liabilities held at fair value:				
- Equities and bonds	-	-	-	**-**
Fair value of transactions with CCP members	6,454	361,272	-	**367,726**
Derivatives used for hedging:				
- Cross currency interest rate swaps	-	26	-	**26**
Other non-current payables:				
- Put options over non-controlling interests	-	40	8	**48**

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities as a 30 June 2016:

30 June 2016 Unaudited	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Total fair value £m
Financial assets measured at fair value:				
CCP trading assets:				
Derivative instruments:				
- Futures	4,217	-	-	4,217
- Options	2,449	-	-	2,449
- Commodities derivatives	35	-	-	35
Non-derivative instruments:				
- CCP transactions	39	332,871	-	332,910
Financial assets held at fair value:				
- Equities and bonds	16,103	-	-	16,103
- Securities	7,434	-	-	7,434
- Government bonds	2	-	-	2
Fair value of transactions with CCP members	30,279	332,871	-	363,150
Assets held at fair value:				
- Government bonds	54	-	-	54
Available for sale investments:				
- Investment in unquoted equity - Euroclear	-	5	-	5
- Government bonds	30	-		30

Derivatives not designated as hedges:				
- Foreign exchange forward contracts	-	1	-	1
Derivatives used for hedging:				
- Cross currency interest rate swaps	-	5	-	5
Cash and cash equivalents:				
- Government bonds	10	-	-	10

Government bonds totalling £94m at 30 June 2016 have been re-classified from Level 2 to Level 1.

30 June 2016	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Unaudited	**£m**	**£m**	**£m**	**£m**
Financial liabilities measured at fair value:				
CCP trading liabilities:				
Derivative instruments:				
- Futures	4,217	-	-	4,217
- Options	2,449	-	-	2,449
- Commodities derivatives	35	-	-	35
Non-derivative instruments:				
- CCP transactions	39	332,871	-	332,910
Financial liabilities held at fair value:				
- Equities and bonds	18	-	-	18
Fair value of transactions with CCP members	6,758	332,871	-	339,629
Derivatives used for hedging:				
- Cross currency interest rate swaps	-	12	-	12
Other non-current payables:				
- Put options over non-controlling interests	-	37	-	37

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs, which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities classified as Level 1, the fair value is based on market price quotations at the reporting date.

For assets and liabilities classified as Level 2, the fair value is calculated using one or more valuation techniques (e.g. the market approach or the income approach) with market observable inputs. The selection of the appropriate valuation techniques may be affected by the availability of the relevant inputs as well as the reliability of the inputs. The inputs may include currency rates, interest rate and forward rate curves and net asset values. The results of the application of the various techniques may not be equally representative of fair value, due to factors such as assumptions made in the valuation.

There have been no transfers between Level 1 and Level 2 during the current and prior period.

When observable market data is not available, the Group uses one or more valuation techniques (e.g. the market approach or the income approach) for which sufficient and reliable data is available. These inputs used in estimating the fair value of Level 3 financial instruments include expected timing and level of future cash flows, timing of settlement, discount rates and net asset values of certain investments.

The Group has classified a put option over the non-controlling interests of an acquired subsidiary as Level 3 in the hierarchy for determining the fair value, due to the significant inputs used in the valuation that are not based on observable data. The valuation of the option is set out in the terms of the option agreement where the cash flow forecasts of the underlying business over the option period are discounted at the Group's pre-tax cost of debt. The key inputs into the valuation of the option are cash flow forecasts over a five year period from the date of acquisition and the discount rate.

The Group does not consider there to be any alternative assumptions that will be used in the valuation of the liability.

With the exception of Group borrowings, management has assessed that the fair value of financial assets and financial liabilities categorised as 'Loans and receivables' and 'Financial liabilities at amortised cost' approximate their carrying values. The fair value of the Group's borrowings is disclosed in Note 14.

The Group's financial assets and liabilities held at fair value consist largely of securities restricted in use for the operations of the Group's CCPs as managers of their respective clearing and guarantee systems. The nature and composition of the CCP clearing business assets and liabilities are explained in the accounting policies note in the Group's annual consolidated financial statements for the year ended 31 December 2016.

As at 30 June 2017, there were no provisions for impairment in relation to any of the CCP financial assets (30 June 2016: nil) and none of those assets are past due (30 June 2016: none).

Hedging activities and derivatives

Derivative financial liabilities of £26m (30 June 2016: £12m) represent the fair value of the cross currency interest rate swaps (amounting to 6 contracts totalling €300m notional). These instruments effectively exchange most of the obligations and coupons of the 2019 £250m bond from Sterling into Euros in order to more closely match the currency of borrowings to the Group's currency of net assets and earnings. This also results in a reduction in balance sheet translation exposure on Euro denominated net assets and the protection of Sterling cash flows. These swaps have been designated as a hedge of the Group's net investment in the Italian group and qualify for effective hedge accounting.

For the period ended 30 June 2017, the Group recognised a £7m mark to market value loss on these derivatives in reserves (period ended 30 June 2016: £55m loss).

The Group designated the Canadian dollar denominated put option as a hedge of its net investment in its Canadian joint venture. A £1m decrease in the value of the Canadian dollar denominated put option was recognised in the period due to movements in foreign exchange rates (period ended 30 June 2016: £5m increase).

Foreign exchange forward contracts were arranged during the period to hedge the fair value of Euro and US dollar denominated exposures. These hedges forward buy payables denominated in Euro and US dollar, with the mark to market adjustments offsetting the hedged item revaluation in the income statement. This also offers more predictable cash flows to the Group at maturity.

13. Trade and other payables

		30 June
	2017 Unaudited £m	**2016 Unaudited £m**
Current		
Trade payables	**70**	105
Social security and other taxes	**27**	37
Other payables	**287**	167
Accruals and deferred income	**372**	309
	756	618
Non-current		
Put options over non-controlling interests	**48**	37
Other payables	**16**	17
	64	54
Total trade and other payables	**820**	672

Other non-current payables include long term payment obligations of £6m (30 June 2016: nil), rental deposits of £3m (30 June 2016: £3m), other financial liabilities related to the clearing business of £4m (30 June 2016: £12m), deferred consideration of £1m (30 June 2016: £2m) and non-current compensation plans of £2m (30 June 2016: nil).

14. Borrowings

	30 June 2017 Unaudited £m	30 June 2016 Unaudited £m
Current		
Bank borrowings and trade finance loans	**758**	134
Bonds	**-**	250
Preferred securities	**-**	150
	758	534
Non-current		
Bonds	**548**	547
	548	547

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

Unaudited Type	**Expiry Date**	**Notes/ Facility** **£m**	**Carrying value at 30 June 2017** **£m**	**Interest rate percentage at 30 June 2017** **%**
Drawn value of facilities				
Multi-currency revolving credit facility	Dec 2017	600	**375**	LIBOR + 0.6
Multi-currency revolving credit facility	Nov 2021	600	**383**	LIBOR + 0.45
Multi-currency revolving credit facility	Apr 2019	577	**-**	LIBOR + 0.45
Total Bank Facilities		1,777	**758**	
Notes due October 2019	Oct 2019	250	**249**	9.125
Notes due November 2021	Nov 2021	300	**299**	4.750
Total Bonds		550	**548**	
Total Committed Facilities		2,327	**1,306**	

The fair value of the Group's borrowings at 30 June 2017 was £1,388m (30 June 2016: £1,184m). The carrying value of bank drawn facilities and bonds at 30 June 2016 was £134m and £947m respectively.

Current borrowings
The Group arranged a new US$750m (£577m) committed bank facility in April 2017 and exercised its option to extend the June 2017 £600m facility to December 2017 in order to support Group liquidity requirements. The resulting committed bank lines total £1,777m. These facilities were partially utilised at 30 June 2017 with £758m drawn (30 June 2016: £134m) which includes £2m of deferred arrangement fees (30 June 2016: £3m).

In July 2016, the Company repaid the £250m unsecured bond at maturity using the Group's committed bank facilities.

In May 2017, LCH Group exercised its call option on the net €180m Perpetual Preferred Securities previously issued through Freshwater Finance plc, and repaid the outstanding amount using a combination of free cash and Group committed bank facilities. The coupon on these Securities was fixed at 6.576% per annum with interest paid annually.

Cassa di Compensazione e Garanzia S.p.A (CC&G) has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements in the event of a market stress or participant failure. In addition, it has arranged commercial bank back-up credit lines with a number of commercial banks, which totalled €420m at 30 June 2017, for overnight and longer durations to broaden its liquidity resources consistent with requirements under the European Markets Infrastructure Regulation (EMIR).

LCH SA has a French banking licence and is able to access refinancing at the European Central Bank to support its liquidity position. LCH Limited is deemed to have sufficient fungible liquid assets to maintain an appropriate liquidity position, and has direct access to certain central bank facilities to support its liquidity risk management in accordance with the requirements under the EMIR. In accordance with the Committee on Payments and Market Infrastructures (CPMI), International Organization of Securities Commissions (IOSCO) and Principals for Financial Market Infrastructures (PFMIs), many Central Banks now provide for CCPs to apply for access to certain Central Bank facilities.

In addition, a number of Group entities have access to uncommitted operational, money market and overdraft facilities which support post trade activities and day to day liquidity requirements across its operations.

Non-current borrowings

In June 2009, London Stock Exchange Group plc issued a £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 London Stock Exchange Group plc's credit ratings with Moody's and Standard & Poor's. The bond coupon remained at 9.125% per annum throughout this period.

In November 2012, the London Stock Exchange Group plc 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 annum.

15. Analysis of net debt

		30 June
	2017	**2016**
	Unaudited	**Unaudited**
	£m	**£m**
Due within one year		
Cash and cash equivalents	**1,170**	1,002
Bank borrowings	**(758)**	(134)
Bonds	**-**	(250)
Preferred securities	**-**	(150)
Derivative financial assets	**-**	6
	412	474
Due after one year		
Bonds	**(548)**	(547)
Derivative financial liabilities	**(26)**	(12)
Total net debt	**(162)**	(85)

Reconciliation of net cash flow to movement in net debt

		Six months ended 30 June
	2017	**2016**
	Unaudited	**Unaudited**
	£m	**£m**
Increase/(decrease) in cash in the period	**-**	(280)
Cash movement attributable to discontinued operations	**-**	67
Redemption of preferred securities	**155**	-
Bank loan net (drawings)/repayments	**(296)**	571
Change in net cash resulting from cash flows	**(141)**	358
Foreign exchange movements	**21**	64
Movement on derivative financial assets and liabilities	**(7)**	(55)
Bond valuation adjustment	**(1)**	-
Cash disposed of as part of discontinued operations	**-**	185
Net debt at the start of the period	**(34)**	(637)
Net debt at the end of the period	**(162)**	(85)

16. Net cash flow generated from operations

	Notes	Six months ended 30 June 2017 Unaudited £m	Six months ended 30 June 2016 [1] Unaudited £m
Profit before tax from continuing operations		**277**	164
(Loss)/profit before tax from discontinued operations	7	**(23)**	78
Profit before tax		**254**	242
Adjustments for depreciation and amortisation:			
Depreciation and amortisation		**120**	110
Adjustments for other non-cash items:			
Profit on disposal of business	4	**(5)**	-
Cost of closure of business		**3**	-
Gain on disposal of available for sale financial assets		**(7)**	-
Share of loss of associate		**1**	-
Loss on disposal of investment in a subsidiary	7	**23**	148
Net finance expense	5	**28**	34
Share scheme expense		**19**	25
Movement in pensions and provisions		**2**	(5)
Net foreign exchange differences		**6**	(9)
Movements in working capital:			
Increase in inventories		**-**	(2)
(Increase)/decrease in trade and other receivables		**(95)**	110
Increase/(decrease) in trade and other payables		**32**	(424)
Movements in other assets and liabilities related to operations:			
Increase in CCP financial assets		**(14,517)**	(50,382)
Increase in CCP financial liabilities		**14,493**	50,413
Movement in derivative assets and liabilities		**(1)**	-
Net proceeds/(expenditure) from divestment/(investment) of government bonds		**14**	(5)
Purchase of investment fund		**-**	(19)
Unrealised gain on the revaluation of financial assets		**1**	-
Cash generated from operations		**371**	236
Comprising:			
Ongoing operating activities		**338**	217
Non-recurring items		**33**	19
		371	236

[1] Expenditure on investment in government bonds has been reclassified from cash flow from financing activities to net cash flow generated from operations.

17. Business combinations

Acquisitions in the period to 30 June 2017

The Group made one acquisition during the period.

On 3 January 2017, the Group acquired the entire share capital of Mergent, a leading global provider of business and financial information on public and private companies. The cash consideration paid by the Group at completion was US$146m (£118m) and $1m (£1m) was paid on finalisation of the purchase price exercise. The acquisition will support the growth of FTSE Russell's core index offering, supplying underlying data and analytics for the creation of a wide range of indices.

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

					Contribution post acquisition	
Acquisition	**Date acquired £m**	**Total investment £m**	**Goodwill £m**	**Fair value of assets acquired and liabilities assumed £m**	**Revenue £m**	**Operating profit £m**
Mergent	3 January 2017	**119**	**73**	**46**	**15**	**1**

	Fair value £m
Non-current assets:	
Intangible assets	**80**
Deferred tax assets	**5**
Current assets:	
Cash and cash equivalents	**1**
Other current assets	**7**
Current liabilities:	
Trade and other payables	**(14)**
Non-current liabilities:	
Deferred tax liabilities	**(26)**
Other non-current liabilities	**(7)**
Net assets	**46**
Goodwill	**73**
Satisfied by:	
Cash	**119**
Total investment	**119**

The fair values are preliminary and will be finalised within twelve months of the acquisition date.

The goodwill of £73m arising on consolidation represents the growth of future expected income streams from Mergent's customer base and the value of expected synergies arising on the acquisition. None of the goodwill recognised is expected to be deductible for tax purposes.

During the period, the Group recognised acquisition-related costs of £2m in relation to the acquisition of Mergent.

The Group acquired Mergent on 3 January 2017. If the acquisition had occurred on 1 January 2017, the results of the additional period of ownership would have had an immaterial impact on the Group's revenue and operating profit from continuing operations for the period ended 30 June 2017.

18. Transactions with related parties

The nature and contractual terms of key management compensation and inter-company transactions with subsidiary undertakings during the period are consistent with the disclosures in Note 34 of the Group's annual consolidated financial statements for the year ended 31 December 2016.

19. Commitments and contingencies

Connected with the disposal of Russell Investment Management on 31 May 2016, the Group entered into an indemnity arrangement with the acquirer relating to certain ongoing litigation between the disposed business and third parties. The provisions of the indemnity limit the Group's exposure to 50 per cent of any liability arising from this litigation up to a maximum of US$25m. No provision has been made in the financial statements of the Group relating to these matters at this time, on the basis that it is not currently considered to be probable that any amount will be paid under the arrangement.

Contracted capital commitments and other contracted commitments not provided for in the Group's interim condensed consolidated financial statements were nil (30 June 2016: nil) and nil (30 June 2016: nil), respectively.

In the normal course of business, the Group receives legal claims in respect of commercial, employment and other matters. Where a claim is more likely than not to result in an economic outflow of benefits from the Group, a provision is made representing the expected cost of settling such claims.

20. Events after the reporting period

There were no significant events after the reporting period.

Principal Risks

The management of risk is fundamental to our day to day operations and the successful execution of our Strategic Plan. As our Group has grown we have enhanced our risk management capabilities to maintain our trajectory while protecting the value of our business.

The LSEG Enterprise-wide Risk Management Framework (ERMF) is designed to allow management and the Board to identify and assess LSEG's risks and to ensure better decision taking in the execution of its strategy. It also enables the Board and executive management to maintain, and attest to the effectiveness of, the systems of internal control and risk management as set out in the UK Corporate Governance Code. Additional details regarding the Group's risk management oversight are set out on pages 44-46 of its Annual Report for the year ended 31 December 2016.

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

Strategic Risks

Global Economy
As a diversified markets infrastructure business, we operate in a broad range of equity, bond and derivative markets servicing clients who increasingly seek global products and solutions. If the global economy underperforms, lower activity in our markets may lead to lower fee revenue.

The widening geographical footprint of the Group has had the dual effect of increasing the proportion of the Group's earnings that are in foreign currency, leading to greater foreign exchange risk but also improving the geographical diversification of the Group's income streams.

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A majority voted in favour of the UK leaving the EU ("Brexit"). Negotiations have now commenced to determine the terms of the UK's exit and over time these will address the future terms of the UK's relationship with the EU, including the terms of trade between the UK and the EU. Regulated firms including Group companies are dependent on EU regulation to conduct regulated activities in the EU or with customers in the EU, and the impact on these firms will depend on whether transitional arrangements are agreed in the near term, and the extent to which the UK is able to negotiate continued access and the speed that it can do so. In the absence of a transitional period, these arrangements would need to be concluded before the UK formally exits from the EU in 2019. As a result, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations. Brexit could adversely affect European or worldwide economic market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the pound sterling or the euro. Any of these effects of Brexit, and others the Group cannot anticipate, could adversely affect the Group's business, results of operations, financial condition and cash flows.

LSEG continues to monitor and evaluate the potential impact of significant macroeconomic and political events on our operating environment and business model, and the Group is an active participant in international and domestic regulatory debates. In particular, the Group has formed a structured Brexit programme to engage with UK and EU Brexit policy leads to advise on financial market infrastructure considerations. LSEG key objectives are maintaining London's position as a global financial hub, providing continuity of cross-border financial services and protecting against policies which may result in fragmentation of financial markets.

Ongoing geopolitical tensions continue to add uncertainty in the markets and may impact investor confidence.

Regulatory Change
The Group and its exchanges, other trading venues, clearing houses, index administrators, central securities depositories, trade repository and other regulated entities operate in areas that are highly regulated by governmental, competition and other regulatory bodies at European federal and national levels. The UK vote to leave the EU introduces significant uncertainty concerning the political and regulatory environment, the UK's future relationship with the EU, and the overall impact on the UK economy both in the short term and medium term. Recent proposals suggest that third country CCPs could face increased regulatory supervision by European regulators or become subject to certain restrictions on clearing European business.

Changes in the regulatory environment form a key input into our strategic planning, including the impact on our growth strategies, both organic and inorganic. We monitor regulatory developments continually and engage directly with regulatory and governmental authorities at national, EU and international levels. Our experience in dealing with complex regulatory change will be a vital part of managing the Group through the anticipated uncertainty in the short to medium term following the UK vote to leave the EU.

Competition
We operate in a highly competitive industry. Continued consolidation has fuelled competition including between groups in different geographical areas.

- In our **Capital Markets** operations, there is a risk that competitors will improve their products, pricing and technology in a way that erodes our businesses. There is increasing competition for primary listings and capital raising from other global exchanges and regional centres.
- The Group's **Information Services** business faces competition from a variety of sources, notably from other venues that offer market data relating to securities that are traded on the Group's equity markets, as well as from index providers which offer indices and other benchmarking tools which compete with those offered by the Group.
- In **Post Trade Services**, competition will continue to intensify as we see a shift towards open access and interoperability of CCPs and legislative requirements for mandatory clearing of certain OTC derivative products. While this may create new business opportunities for the Group, competitors may respond more quickly to changing market conditions or develop products that are preferred by customers.
- In **Technology Services**, there is intense competition across all activities and there are strong incumbents in some of our growth areas.

The Group's track record of innovation and diversification ensures the Group continues to offer best in class services with a global capability. The Group is focussed on integrating acquisitions and delivering tangible synergies from them, supported by robust governance and programme management structures.

Compliance
There is a risk that one or more of the Group's entities may fail to comply with the laws and regulatory requirements to which it is, or becomes, subject which may result in censures, fines and other regulatory or legal proceedings for the entity. The Group continues to maintain systems and controls to mitigate compliance risk and compliance policies and procedures are regularly reviewed.

Transformation Risk
The Group is exposed to transformation risks (risk of loss or failure resulting from change/transformation) given the current levels of change and alignment activity taking place across the Group. As part of the alignment processes, the Group targets specific synergy deliveries.

The Group continues to grow rapidly both organically and inorganically. Acquisitions may, in some cases, be complex and / or have a global footprint. Acquisitions may increase integration risks and expected synergies may not be achieved.

A failure to successfully align the businesses of the Group may lead to an increased cost base without a commensurate increase in revenue; a failure to capture future product and market opportunities; and risks in respect of capital requirements, regulatory relationships and management time.

The additional work related to M&A and associated alignment activities could have an adverse impact on the Group's day-to-day performance and/or key strategic initiatives which could damage the Group's reputation.

The size and complexity of recent acquisitions have increased the Group's change management and transformation risks. However it has also increased its opportunities to compete on a global scale.

The LSEG ERMF ensures appropriate Risk Management across the Group, and the governance of the enlarged Group is aligned and strengthened as appropriate. The Group performs regular reporting of change performance, including ongoing alignment activity. Each major initiative is overseen by a Steering Committee which monitors the associated risks closely and is typically chaired by the Chief Financial Officer or the Director of Corporate Strategy and includes Executive Committee members. Regular reports are submitted to the Executive Committee, the Board Risk Committee and the Board.

Reputation/Brand
A number of the Group's businesses have iconic national brands that are well-recognised at international as well as at national levels. The strong reputation of the Group's businesses and their valuable brand names are a key competitive strength. Any events or actions that damage the reputation or brands of the Group could adversely affect its business, financial condition and operating results.

Failure to protect the Group's Intellectual Property rights adequately could result in costs for the Group, negatively impact the Group's reputation and affect the ability of the Group to compete effectively. Further, defending or enforcing the Group's Intellectual Property rights could result in the expenditure of significant financial and managerial resources, which could adversely affect the Group's business, financial condition and operating results.

LSEG has policies and procedures in place which are designed to ensure the appropriate usage of the Group's brands and to maintain the integrity of the Group's reputation. LSEG actively monitors the usage of its brands and other Intellectual Property in order to prevent or identify and address any infringements. The Group protects its Intellectual Property by relying upon a combination of trade mark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements and other contractual arrangements with its affiliates, clients, customers, suppliers, strategic partners and others.

Financial Risks

Credit Risk
The Group CCPs manage the credit risk of clearing counterparties by imposing stringent membership requirements, analysing member credit quality by means of an internal rating system and via variation margin, initial margins and additional margins.

Investment Risk
Under the ERMF, CCP investments must be made in compliance with the Group CCP Financial Risk Policy (as well as the Policies of the CCPs themselves). These Policies stipulate a number of Risk Management standards including investment limits (secured and unsecured) as well as liquidity coverage ratios. Committees overseeing CCP investment risk meet regularly. CCP counterparty risk including liquidity management balances and counterparty disintermediation risk is consolidated daily at the Group level and reported to the Executive Committee, including limits and status rating. Requirements for investments relating to other parts of the Group are set out in the Group Treasury Policy.

Market Risk (non-clearing)
The Group is exposed to foreign exchange risk as a result of its broadening geographical footprint and interest rate risk through its borrowing activities and treasury investments. Non-clearing market risk is monitored and managed closely and is under the oversight of the Group Treasury Committee.

Latent Market Risk (clearing)
There is a risk that one of the parties to a cleared transaction defaults on their obligation; in this circumstance the CCP is obliged to honour the contract on the defaulter's behalf and thus an unmatched risk position arises. The CCP may suffer a loss in the process of work-out (the 'Default Management Process') if the market moves against the CCP's positions.

All our CCPs have been EMIR certified, and are compliant with the EMIR requirements regarding margin calculations, capital and default rules. Under the ERMF, CCP latent market risk must be managed in compliance with the Group CCP Financial Risk Policy as well as policies of the CCPs themselves.

Liquidity Risk
There are 2 distinct types of risk commonly referred to as liquidity risk – market liquidity risk and funding liquidity risk. The former is the risk that it may be difficult or expensive to liquidate a large or concentrated position. The latter is the risk that the CCP may not have enough cash to pay for physically settled securities delivered by a non-defaulter that cannot be on-sold to a defaulter.

The Group CCPs collect clearing members' margin and/or default funds contributions in cash and/or in highly liquid securities. To maintain sufficient ongoing liquidity and immediate access to funds, the Group CCPs deposit the cash received in highly liquid and secure investments, such as central bank deposits, sovereign bonds and reverse repos, as mandated under EMIR; securities deposited by clearing members are therefore held in dedicated accounts with CSDs and/or ICSDs. The Group CCPs also hold a small proportion of their investments in unsecured bank and money market deposits. The successful operation of these investment activities is contingent on general market conditions and there is no guarantee that such investments will not suffer market losses. Furthermore, there is a risk that a counterparty default could lead to losses to the Group. Such a loss may occur due to the default of an issuer of bonds in which funds may be invested or the default of a bank in which funds are deposited.

The Group CCPs manage their exposure to credit and concentration risks arising from such investments by maintaining a diversified portfolio of high quality issuers and of banking counterparties. The Group relies on established policies with minimum counterparty credit criteria, instructions, rules and regulations, as well as procedures specifically designed to actively manage and mitigate credit risks. There is no assurance, however, that these measures will be sufficient to protect the Group's CCPs from a counterparty default.

Group CCPs have put in place regulatory compliant liquidity plans for day-to-day liquidity management, including contingencies for stressed conditions. Group CCPs have multiple layers of defence against liquidity shortfalls including; intraday margin calls, minimum cash balances, access to contingent liquidity arrangements, and, for certain CCPs, access to central bank liquidity.

Settlement and Custodial Risks
The Group offers post trade services and centralised administration of financial instruments through its Italian CSD subsidiary which offers pre-settlement, settlement and custody services. Settlement activities performed in the cross-border context carry counterparty risk. The CSD does not provide intra-day settlement financing to its members.

The Group's CCPs are exposed to operational risks associated with clearing transactions and the management of collateral, particularly where there are manual processes and controls. While the Group's CCPs have in place procedures and controls to prevent failures of these processes, and to mitigate the impact of any such failures, any operational error could have a material adverse effect on the Group's reputation, business, financial condition and operating results.

In addition, the Group provides routing, netting and settlement services to ensure that cash and securities are exchanged in a timely and secure manner for a multitude of products. There are operational risks associated with such services, particularly where processes are not fully automated. A failure to receive funds from participants may result in a debiting of the Group's cash accounts which could have a material adverse effect on the Group's business, financial condition and operating results.

Counterparty risk is mitigated through pre-positioning (availability of security) and pre-funding (availability of cash).

Operational risk is minimised via highly automated processes reducing administrative activities while formalising procedures for all services.

The Central Securities Depository (CSD) mitigates IT risks by providing for redundancy of systems, daily backup of data, fully updated remote recovery sites and SLAs with outsourcers. Liquidity for CSD operations is provided by the Bank of Italy.

Ongoing industry changes to European CSD structure including implementation of the final waves of T2S and entry into force of provisions of the Central Securities Depository Regulation (CSDR) may introduce challenges.

Capital Management
Principal risks to managing the Group's capital are: capital adequacy compliance risk and capital reporting compliance risk (in respect of regulated entities); commercial capital adequacy and quality risk and investment return risk (in respect of regulated and unregulated entities) and availability of debt or equity.

The Group's Capital Management Policy provides a framework to ensure the Group maintains suitable capital levels (both at Group and individual subsidiaries levels), and effectively manages the risks thereof. The Group's Treasury Policy recognises the need to observe regulatory requirements in the management of the Group's resources. The Risk Appetite approved by the Board includes components related to the Group's leverage ratios and capital risks; Key Risk Indicators are monitored regularly and this risk is mitigated by the fact that the Group is strongly profitable and cash generative. The Group regularly assesses debt and equity markets to maintain access to new capital at reasonable cost.

Operational Risks
Technology
Secure and stable technology performing to high levels of availability and throughput continues to be critical to the support of the Group's businesses. Technology failures may impact our clients, potentially leading to a loss of trading or clearing volumes or impacting our information services activities. The Group continues to consolidate its IT development and operations in the MillenniumIT infrastructure to provide greater control and efficiency. This focus of activity means there is a risk of resource over-stretch to meet both the requirements of the Group and those of third parties.

The Group also has dependencies on a number of third parties for the provision of hardware, software, communication and networks for elements of its trading, clearing, settlement, data and other systems. The performance and availability of the Group systems are constantly reviewed and monitored to prevent problems arising where possible and ensure a prompt response to any potential service interruption issues. The Group's technology teams mitigate the risk of resource over-stretch by ensuring prioritisation of key development and operations activities, and resource utilisation and allocation are kept under constant review. The MillenniumIT systems are designed to be fault tolerant and alternative standby computer facilities are maintained to minimise the risk of system disruptions.

The Group actively manages relationships with key strategic IT suppliers to avoid any breakdown in service provision which could adversely affect the Group's businesses. The Group monitors new technological developments and opportunities such as Blockchain through its dedicated Global Technology Innovation team.

Change Management
The considerable change agenda is driven by both internal and external factors. Internal factors include the diversification strategy of the Group and its drive for technology innovation and consolidation. External factors include the changing regulatory landscape and requirements which necessitate changes to our systems and processes.

There are a significant number of major, complex projects and strategic actions underway concurrently, that, if not delivered to sufficiently high standards and within agreed timescales, could have an adverse impact on the operation of core services, and revenue growth, as well as damaging the Group's reputation.

The senior management team is focused on the implementation of the Group's strategy and the project pipeline in view of their importance to the Group's future success. Each major project is managed via a dedicated Programme Board overseen by members of the Executive Committee.

Software design methodologies, testing regimes and test environments are continuously being strengthened to minimise implementation risk.

Security Threats
The Group is reliant upon secure premises to protect its employees and physical assets whilst implementing appropriate safeguards to ensure uninterrupted operation of its IT systems and infrastructure. The threat of cyber crime requires a high level of scrutiny as it may have an adverse impact on our business. As with many Financial Services companies we are utilising leading technologies to an ever greater extent and care must be taken to balance usability with security. Terrorist attacks and similar activities directed against our offices, operations, computer systems or networks could disrupt our markets, harm staff, tenants and visitors, and severely disrupt our business operations. Civil or political unrest could impact on companies within the Group.

Long-term unavailability of key premises or trading and information outages and corruption of data could lead to the loss of client confidence and reputational damage. Security risks have escalated in recent years due to the increasing sophistication of cyber crime.

Security threats are treated very seriously. The Group has robust physical security arrangements, and extensive IT measures are in place to mitigate technical security risks. Cyber security operations within the Group utilise tools and service providers to ensure protection layers remain adequate to monitor and support our response teams managing events. Additionally, the group participates in a number of industry and government bodies focused on identifying cyber security best practice market-wide. The Group is supported by the Centre for the Protection of National Infrastructure (CPNI) in the UK, with both physical and IT security teams monitoring intelligence and liaising closely with police and global Government agencies.

A third party security monitoring service is retained to assist with monitoring global physical security events with the potential to impact Group operations. The Group has well established and regularly tested business continuity and crisis management procedures. The Group risk function assesses its dependencies on critical suppliers and ensures robust contingency measures are in place.

Employees
The calibre and performance of senior management and other key employees, taken together, is critical to the success of the Group. The Group's ability to attract and retain key personnel is dependent on a number of factors. This includes (but not exclusively) prevailing market conditions, compensation packages offered by competing companies and any regulatory impact thereon. These factors also

encompass the Group's ability to continue to have appropriate variable remuneration and retention arrangements in place, which help drive strong business performance.

The Group operates a performance management and appraisal system. Executive development opportunities are provided and the Nominations Committee is responsible for considering succession plans for key senior positions. In addition, a programme of succession planning is operated by the Group to minimise the impact of the loss of key staff critical to the operation of the business.

Regular benchmarking of reward and incentive systems is performed to ensure they are competitive. The Group also offers Long Term Incentive Plans for high performers and critical staff and turnover is closely monitored. A centralised training budget allows a coordinated approach to development across the Group. We continue to enhance our talent management approach and maintain a rigorous recruitment and selection process.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the interim condensed consolidated financial statements. The financial risk management objectives and policies of the Group and the exposure of the Group to capital, credit, concentration, country, liquidity and market risk are discussed on pages 123 to 127 of the Annual Report for the Group for the year ended 31 December 2016.

Directors

The Directors of London Stock Exchange Group plc during the period ended 30 June 2017 were as follows:

Donald Brydon CBE
Xavier R Rolet KBE
David Warren
Raffaele Jerusalmi
Jacques Aigrain
Paul Heiden
Professor Lex Hoogduin
David Nish
Stephen O'Connor
Mary Schapiro
Andrea Sironi

Statement of directors' responsibilities

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

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

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

By order of the Board

Xavier R Rolet KBE
Group Chief Executive

David Warren
Chief Financial Officer

3 August 2017

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

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the six months ended 30 June 2017, which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity and related notes 1 to 20. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
3 August 2017

Notes:
1. The maintenance and integrity of the London Stock Exchange Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL CALENDAR

Ex-dividend date for interim dividend	24 August 2017
Interim dividend record date	25 August 2017
Interim dividend payment date	19 September 2017
Financial year end	31 December 2017
Preliminary results	March 2018
Annual General Meeting	April 2018

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

INVESTOR RELATIONS CONTACTS

Investor Relations

London Stock Exchange Group plc
10 Paternoster Square
London EC4M 7LS

For enquiries relating to shareholdings in London Stock Exchange Group plc:

Shareholder helpline: +44 (0)20 7797 3322

email: irinfo-r@lseg.com

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

Registered office

London Stock Exchange Group plc
10 Paternoster Square
London EC4M 7LS

Registered company number
London Stock Exchange Group plc: 5369106

Registrar information

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

T +44 (0)371 384 2544 or +44 (0)121 415 7047
Lines open 8.30 to 17.30, Monday to Friday.
www.shareview.co.uk

Independent auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

T +44 (0)20 7951 2000

Principal legal adviser

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London
EC4Y IHS

T +44 (0)20 7936 4000

Corporate brokers

Barclays
5 The North Colonnade
Canary Wharf
London
E14 4BB

T +44 (0)20 7623 2323
www.barclays.com

RBC Capital Markets
RBC Europe Limited
Riverbank House
2 Swan Lane
London
EC4R 3BF

T +44 (0)20 7653 4000
www.rbccm.com