INTERIM REPORT Six months ended 30 September 2007

THE WORLD'S CAPITAL MARKET

London STOCK EXCHANGE

CONTENTS

CHAIRMAN'S STATEMENT

CHRIS GIBSON-SMITH

The Exchange has produced an excellent set of results for the first half. Set against a backdrop of heightened activity in financial markets associated with credit market liquidity events, Broker Services continues to be the principal driver of growth, with 31 per cent revenue growth in the period. The SETS electronic order book delivered volume growth of 77 per cent, achieving new record trading levels over the summer and exceeding one million trades per day for the first time, assisted by the introduction of our new trading platform, TradElect. Issuer Services enjoyed a good start to the year with strong growth in UK and international Main Market activity. The Information Services division also produced another strong performance, with an increase in the number of terminals receiving our real-time trading data.

We have made significant progress in realising our vision to be the world's capital market. The increase in the number of overseas companies on our markets, the growth in trading and the demand for our market data on an increasingly international basis all demonstrate the success of our strategy. The merger with Borsa Italiana has now been successfully completed, and integration work has started well, to deliver strategic and commercial benefits. It enhances our unique strategic position and will accelerate the growth of the business.

CHRIS GIBSON-SMITH:

"THE INCREASE IN THE NUMBER OF OVERSEAS COMPANIES ON OUR MARKETS, THE GROWTH IN TRADING AND THE DEMAND FOR OUR MARKET DATA ON AN INCREASINGLY INTERNATIONAL BASIS ALL DEMONSTRATE THE SUCCESS OF OUR STRATEGY."

FINANCIAL RESULTS

Unless otherwise stated, all figures below refer to the six months ended 30 September 2007. Comparative figures are for the corresponding period last year. The merger with Borsa Italiana was completed after the half year-end and consequently the interim results do not include contributions from this business.

The Exchange produced an excellent performance in the first six months of the financial year, with revenue up 24 per cent to £203.1 million (2006: £163.3 million). Operating costs increased as expected, reflecting higher spend in a number of areas as the business grows, rising 8 per cent to £88.4 million (2006: £82.0 million). Operating profit for the period increased 41 per cent to £114.7 million (2006: £81.3 million).

Both basic and adjusted earnings per share were 35.7 pence, an increase of 48 per cent over basic earnings of 24.2 pence per share last year.

Cash flows from operating activities increased 28 per cent to £127.2 million, (2006: £99.7 million), with cash balances at 30 September 2007 standing at £77.5 million (31 March 2007: £72.9 million), retained principally for regulatory purposes.

At 30 September 2007 borrowings amounted to £462.8 million, mainly comprising a £250 million 10 year sterling bond issued in 2006, and bank borrowings of £200.7 million, principally including £48 million on a £200 million 5 year revolving credit facility, and £154 million on a £250 million bridge facility repayable by July 2009.

Net liabilities at 30 September 2007 were £324.8 million, compared to net liabilities of £349.9 million at 31 March 2007.

ISSUER SERVICES

Issuer Services enjoyed a strong first half, as revenue increased 24 per cent to £35.5 million (2006: £28.7 million), contributing 17 per cent of total turnover.

CHAIRMAN'S STATEMENT

> "THE EXCHANGE HAS DELIVERED AN EXCELLENT FIRST HALF RESULT WITH EACH OF THE MAIN BUSINESS AREAS PERFORMING WELL."

The number of Main Market new issues almost doubled to 72 (2006: 38), including 27 international companies, a near four-fold increase over the same time last year (2006: 7). AIM, the world's most successful market for smaller companies, also performed well, with 163 companies joining the market during the period (2006: 209). In total there were 236 new issues on the Exchange's markets (2006: 247), including 1 on the Professional Securities Market.

The total amount of new capital raised on the Exchange's markets during the first six months of the financial year was £25.9 billion (2006: £25.7 billion).

This strong performance reflects the strength of London as a global financial centre, and in particular the efficient and low cost of capital raising on the Exchange, attracting a significant number of overseas companies to our markets. In total, the number of international new issues increased 30 per cent to 79 (2006: 61), with the Exchange again outperforming other major exchanges in Europe and North America. We achieved 52 international IPOs on the Exchange's markets during the period exceeding those on NYSE Euronext, Nasdaq and Deutsche Börse put together.

At 30 September 2007 the total number of companies on our markets reached 3,297 (30 September 2006: 3,212), including 1,682 companies traded on AIM (2006: 1,590).

During the period, we announced the launch of the Specialist Fund Market (SFM), launched 1 November 2007. SFM will be the Exchange's regulated market for highly specialised investment entities that wish to target institutional, professional and highly knowledgeable investors. It is expected to appeal to large hedge funds, private equity funds, and certain emerging market and specialist property funds seeking admission to a public market in London.

RNS, the Exchange's financial communications service performed well, with a 75 per cent market share of all regulatory announcements and over 90 companies in the FTSE 100 using RNS in the half year. RNS, together with training and consultancy services, contributed £6.5 million to Issuer Services revenue (2006: £6.0 million).

BROKER SERVICES

Broker Services produced an excellent performance, with revenue for the half year rising 31 per cent to £99.4 million (2006: £76.1 million), accounting for 49 per cent of total turnover.

Trading on SETS, the electronic order book, was again the primary driver of this very strong growth as volumes increased 77 per cent to a total 69.4 million bargains (2006: 39.3 million). The daily average number of bargains increased by a similar amount to 555,000 (2006: 314,000). Increased market volatility over the summer added to the already strong growth experienced during the earlier part of the financial year. Strong trading associated with credit market liquidity events and heightened activity in financial markets continued in September, with the month registering the second highest level of average trading volumes, following the records set in August.

Value traded on SETS during the first half of the financial year increased 48 per cent to £1.1 trillion (2006: £744 billion), a daily average of £8.7 billion (2006: £6.0 billion). The average value of a SETS bargain decreased to £15,700 (2006: £18,900) with the yield per bargain reducing as expected during the period, to £0.99 (2006: £1.38). Overall, trading on SETS contributed 85 per cent of Broker Services' revenue, including order charges (2006: 83 per cent).

The introduction of TradElect, our new trading platform launched in June, played a critical role in stimulating electronic order book growth. The greatly increased capacity and improved latency resulting from the new system facilitated the significant uplift in trading volumes during the latter part of the period, in particular enabling customers to trade at much higher frequencies at times of peak demand and heightened market activity. TradElect is the final major phase of our four year technology investment programme, although further enhancements will continue to increase performance and launch new services. A new release took place in October, to further upgrade system latencies and capacity, and to introduce new pan-European products following changes arising from the introduction of MiFID this month.

Our strong results during the period also reflect a continuation of the secular change in equities trading we have noted on previous occasions. Such developments include the continued and high level investment by market users in technology, stimulating growth of algorithmic/ black box trading, coupled with a trend toward greater direct market access. Trading has also increased as derivatives traders increasingly use our market to hedge exposure in over the counter equity markets.

Trading levels have also increased as a consequence of actions taken by the exchange to facilitate more efficient trading. Our volume discount pricing scheme rewards high levels of trading on the order book and reduces the incremental costs of trading. SETSmm, which trades 777 mid-cap, small-cap and large UK AIM securities on the electronic order book, continues to reduce spreads and improve liquidity, with volumes averaging 149,000 bargains per day (2006: 67,000) – an increase of 122 per cent over the same period last year.

The Exchange has introduced a number of new products and services, to help market users meet new reporting and execution requirements under MiFID. For example, SETSqx, a trading platform for securities less liquid than those traded on SETS or SETSmm, was launched in June and expanded in October, for all Main Market and EU AIM equity securities not already traded on a full order book. SETSqx combines a periodic electronic auction book (four times each day) with standalone quote driven market making.

The total value of UK equity bargains for the period increased 40 per cent to £2.1 trillion (2006: £1.5 trillion) while the total number of UK equity bargains rose 70 per cent to 75.5 million (2006: 44.4 million), a daily average of 604,000 bargains (2006: 355,000).

INFORMATION SERVICES

Information Services delivered a very good performance with a 14 per cent increase in revenues to £58.1 million (2006: £50.9 million), comprising 29 per cent of total income.

The total number of terminals taking our real time price and trading data increased by 17,000 to 126,000 as at 30 September 2007 (2006: 109,000). Included in this number were 103,000 terminals attributable to professional users, up 7,000 on the number at the start of the financial year and up 12,000 on the comparable period (2006: 91,000). The strong increase in professional terminals reflects an increase in market users outside the UK accessing our market data. During the period, the number of international terminals increased by 3,000 to 23,000. Proquote, the Exchange's provider of financial market software and data, performed well, increasing the number of installed screens to 3,800 (2006: 3,300).

SEDOL, the Exchange's service providing unique identification for a range of global tradable securities, also made good progress with growth in the number of users of this service.

DERIVATIVES SERVICES

Derivatives Services, mainly comprising EDX London, the Exchange's equity derivatives business, increased revenues to £5.7 million in the half year (2006: £4.4 million). The total number of contracts traded on EDX during the period rose by 41 per cent to 21.5 million (2006: 15.3 million). Of this total, the trading of Scandinavian equity derivatives contracts rose 21 per cent to 18.5 million (2006: 15.3 million) while trading in Russian derivatives amounted to 3.1 million contracts, having been launched at the end of 2006.

BORSA ITALIANA

On 25 June 2007, the Exchange and Borsa Italiana S.p.A. announced an agreement to merge. Following overwhelming shareholder support at both companies' EGMs, the merger was completed on 1 October, just after the Exchange's half year end, valuing Borsa Italiana at £1,308 million (€1,878 million).

The merger creates the leading diversified exchange group in Europe and the platform for additional strong growth on a European and global scale. As the European exchange leader in the listing and trading of equities and the leader in electronic trading of ETFs, securitised derivatives and fixed income products, the combination will provide significant benefits for customers and shareholders.

BOARD OF DIRECTORS

A number of changes to the London Stock Exchange Group Board have taken place, principally reflecting the agreed structure arising from the successful completion of the merger with Borsa Italiana. We are pleased to welcome Sergio Ermotti, Paolo Scaroni and Andrea Munari, along with Angelo Tantazzi as Deputy Chairman and Massimo Capuano as Deputy Chief Executive.

As announced in September 2007, Peter Meinertzhagen and Gary Allen both stood down from the Board, and we thank them for their substantial contribution during their long service. Both have seen the company through demutualisation and listing, providing invaluable guidance and advice as members of Board Committees

CHAIRMAN'S STATEMENT

appointed during the Exchange's successful bid defences.

Since the half year end, Jonathan Howell has announced his intention to leave the company in January. Over his eight years as Director of Finance, Jonathan has been instrumental in the delivery of exceptionally strong shareholder value, developing the Exchange's financial strategy and putting it to the forefront of the sector for balance sheet efficiency. We wish him well in his new role.

SHARE BUYBACK PROGRAMME

The Exchange made good progress on its capital return programme, making on-market purchases of 7.2 million shares during the first half of the year at an average price of £13.04, amounting to £94 million. As at 30 September 2007, the Exchange had completed £154 million of the £250 million share buyback commitment announced in January 2007.

In July 2007 the Exchange announced an increase to its programme of capital return, indicating a further £500 million would be returned to shareholders following the completion of the Borsa Italiana merger (including the outstanding £96 million from the earlier £250 million programme). The Board has reviewed options for the company's capital structure and announces it intends to resume its programme of on-market share repurchases, subject to this being in the best interests of shareholders.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 8.0 pence per share, representing a 33 per cent increase in interim dividend per share (2006: interim dividend 6.0 pence). This increased payment reflects the Exchange's excellent H1 financial performance and underscores the Board's confidence in the prospects for the new enlarged business. The Board remains committed to sustainable, progressive dividends, with payment on an approximate one third/two third basis between the interim and the final dividend.

The interim dividend will be paid to those shareholders on the register on 7 December 2007, for payment on 4 January 2008.

OUTLOOK

The Exchange has delivered an excellent first half result with each of the main business areas performing well. Looking ahead, overall trends remain good, in particular with trading in the secondary markets:

- the primary market remains active though new issues are lower than in recent months, with the number of Main Market new issues in October at 10 compared with 13 for the same period last year;

- trading on SETS continues strongly, with 73 per cent growth in daily bargains in October over the same period last year; and

- demand for real time pricing and trading data remains good.

As stated at the time of announcing the merger with Borsa Italiana, we expect the effects of the combination to be earnings neutral to positive in the current financial year. We remain confident of maintaining good progress in the second half of the financial year, with continued topline growth, including Borsa Italiana, though interest costs will rise. Overall, we expect a good outcome for the new enlarged group for the full year.

C. S. Gibson-Smith.

Chris Gibson-Smith
Chairman

CONSOLIDATED INCOME STATEMENT

Six months ended 30 September 2007

Continuing operations	Notes	Six months ended 30 September 2007 Unaudited £m	Six months ended 30 September 2006 Unaudited £m	Year ended 31 March 2007 £m
Revenue		**203.1**	163.3	349.6
Expenses				
Operating expenses before exceptional items	2	**(88.4)**	(82.0)	(164.0)
Exceptional expenses	3	**-**	-	(11.4)
Total		**(88.4)**	(82.0)	(175.4)
Operating profit	2	**114.7**	81.3	174.2
Analysed as:				
Operating profit before exceptional items		**114.7**	81.3	185.6
Exceptional items		**-**	-	(11.4)
Operating profit	2	**114.7**	81.3	174.2
Net finance costs	4	**(13.8)**	(5.4)	(14.6)
Share of profit after tax of joint venture		**0.9**	0.8	1.9
Profit before taxation		**101.8**	76.7	161.5
Taxation	5	**(30.3)**	(22.4)	(50.9)
Profit for the financial period		**71.5**	54.3	110.6
Profit attributable to minority interest		**0.2**	0.2	1.0
Profit attributable to equity holders		**71.3**	54.1	109.6
		71.5	54.3	110.6
Basic earnings per share	6	**35.7p**	24.2p	50.5p
Diluted earnings per share	6	**35.0p**	23.9p	49.4p
Dividend per share in respect of financial period:	7			
Dividend per share paid during the period		**12.0p**	8.0p	14.0p
Dividend per share proposed for the period		**8.0p**	6.0p	18.0p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

Six months ended 30 September 2007

	Notes	£m	£m	£m
Profit for the financial period		**71.5**	54.3	110.6
Defined benefit pension scheme actuarial gain, net of tax		**6.4**	1.4	0.2
Cash flow hedging	8	**(3.5)**	-	-
Tax allowance on share options/awards in excess of expense recognised		**2.8**	3.4	4.9
		5.7	4.8	5.1
Total recognised income and expense for the financial period		**77.2**	59.1	115.7
Attributable to minority interest		**0.2**	0.2	1.0
Attributable to equity holders		**77.0**	58.9	114.7
		77.2	59.1	115.7

The notes on pages 8 to 18 form an integral part of this condensed consolidated half-yearly financial statements.

CONSOLIDATED BALANCE SHEET

30 September 2007

	Notes	30 September 2007 Unaudited £m	30 September 2006 Unaudited £m	31 March 2007 £m
Assets				
Non-current assets				
Property, plant and equipment		**54.6**	60.0	58.8
Intangible assets		**57.8**	52.4	55.8
Available for sale investments		**0.4**	0.4	0.4
Other assets	9	**16.6**	-	-
Investment in joint venture	10	**2.1**	2.1	1.9
Deferred tax assets		**12.9**	15.2	15.9
		144.4	130.1	132.8
Current assets				
Trade and other receivables	11	**69.7**	53.1	61.4
Cash and cash equivalents		**77.5**	78.8	72.9
		147.2	131.9	134.3
Total assets		**291.6**	262.0	267.1
Liabilities				
Current liabilities				
Trade and other payables	12	**94.2**	71.6	129.4
Current tax		**22.8**	12.9	20.6
Derivative financial instruments	8	**3.5**	-	-
Borrowings	13	**214.5**	114.7	171.4
Provisions	14	**4.9**	11.6	8.0
		339.9	210.8	329.4
Non-current liabilities				
Borrowings	13	**248.3**	248.8	248.7
Retirement benefit obligations	15	**3.5**	17.0	15.0
Provisions	14	**24.7**	24.3	23.9
		276.5	290.1	287.6
Total liabilities		**616.4**	500.9	617.0
Net liabilities		**(324.8)**	(238.9)	(349.9)
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	16	**13.8**	253.5	253.0
Retained losses	16	**(323.3)**	(239.0)	(351.7)
Other reserves	16	**(18.1)**	(255.2)	(253.8)
		(327.6)	(240.7)	(352.5)
Minority interest in equity	16	**2.8**	1.8	2.6
Total equity		**(324.8)**	(238.9)	(349.9)

The notes on pages 8 to 18 form an integral part of this condensed consolidated half-yearly financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 September 2007

	Notes	Six months ended 30 September 2007 Unaudited £m	Six months ended 30 September 2006 Unaudited £m	Year ended 31 March 2007 £m
Cash flow from operating activities				
Cash generated from operations	17	**127.2**	99.7	180.4
Interest received		**1.3**	4.4	6.1
Interest paid		**(16.0)**	(3.2)	(14.8)
Corporation tax paid		**(25.2)**	(13.9)	(33.5)
Net cash inflow from operating activities		**87.3**	87.0	138.2
Cash flow from investing activities				
Purchase of property, plant and equipment		**(1.0)**	(2.9)	(6.0)
Purchase of intangible assets		**(6.3)**	(7.7)	(13.9)
Purchase of other assets (see note 9)		**(1.0)**	-	-
Dividends received		**1.0**	0.7	2.0
Net cash outflow from investing activities		**(7.3)**	(9.9)	(17.9)
Cash flow from financing activities				
Dividends paid to Shareholders		**(23.8)**	(20.5)	(33.2)
Cash impact of capital return – May 2006, including redemption of B Shares		**(1.9)**	(496.8)	(497.9)
Proceeds from bond issue – July 2006		**-**	249.2	249.2
Net proceeds from unsecured borrowings		**45.5**	98.0	155.4
Purchase of own shares by ESOP trust		**-**	(32.5)	(47.8)
Share buyback		**(98.5)**	(26.3)	(105.3)
Proceeds from exercise of employee share options		**3.3**	3.8	5.4
Net cash outflow from financing activities		**(75.4)**	(225.1)	(274.2)
Increase/(decrease) in cash and cash equivalents		**4.6**	(148.0)	(153.9)
Cash and cash equivalents at beginning of period		**72.9**	226.8	226.8
Cash and cash equivalents at end of period		**77.5**	78.8	72.9

The notes on pages 8 to 18 form an integral part of this condensed consolidated half-yearly financial statements.

NOTES TO THE FINANCIAL INFORMATION

The interim report for London Stock Exchange Group plc ("the Company") for the six months ended 30 September 2007 was approved by the Directors on 15 November 2007.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and in accordance with International Accounting Standard ("IAS") 34 – "Interim Financial Reporting".

The accounting policies used are consistent with those set out on pages 49 to 51 of the Annual Report for London Stock Exchange Group plc for the year ended 31 March 2007, as supplemented by the derivative financial instruments and cash flow hedging accounting policy which henceforth also applies to the hedging of interest rate exposures using cashflow interest rate derivatives.

In order to qualify for hedge accounting, a transaction must meet strict criteria as regards documentation, effectiveness, probability of occurrence and reliability of measurement. Effectiveness testing is conducted at each reporting date and at the commencement and conclusion of any hedge in order to verify that the hedge continues to satisfy all the criteria for hedge accounting to be maintained.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ending 31 March 2008.

On 1 April 2007 the Group adopted International Financial Reporting Standards ("IFRS") 7 – "Financial Instruments: Disclosures" and IAS 1, "Amendments to capital disclosures". As this interim report contains only condensed financial information, only disclosures of events or transactions that are material to understanding the current interim period have been disclosed. The full IFRS 7 disclosures, including sensitivity to market risk and capital disclosures required by the amendment to IAS 1 will be given in the annual financial statements.

The preparation of the Interim Report 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 Report. Although these estimates and assumptions are based on management's best judgement at the date of the Interim Report, actual results may differ from these estimates.

The statutory accounts of London Stock Exchange Group plc for the year ended 31 March 2007, which carried an unqualified audit report, have been delivered to the Registrar of Companies.

The interim financial information is unaudited but has been reviewed by the auditors and their review opinion is included in this report.

The interim financial information does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985.

2. SEGMENT INFORMATION

Segmental disclosures for the six months ended 30 September 2007 are as follows:

	Issuer Services £m	Broker Services £m	Information Services £m	Derivatives Services £m	Other £m	Corporate £m	Group £m
Revenue	35.5	99.4	58.1	5.7	4.4	-	203.1
Expenses							
Depreciation and amortisation	(1.4)	(5.5)	(3.6)	(0.4)	(0.1)	(0.3)	(11.3)
Other expenses	(16.6)	(22.9)	(23.6)	(4.3)	(3.9)	(5.8)	(77.1)
Total expenses	(18.0)	(28.4)	(27.2)	(4.7)	(4.0)	(6.1)	(88.4)
Operating profit	17.5	71.0	30.9	1.0	0.4	(6.1)	114.7
Share of profit after tax of joint venture	-	-	0.9	-	-	-	0.9

Comparative segmental disclosures for the six months ended 30 September 2006 are as follows:

	Issuer Services £m	Broker Services £m	Information Services £m	Derivatives Services £m	Other £m	Corporate £m	Group £m
Revenue	28.7	76.1	50.9	4.4	3.2	-	163.3
Expenses							
Depreciation and amortisation	(1.5)	(5.8)	(4.9)	(0.2)	(0.1)	(0.3)	(12.8)
Other expenses	(16.4)	(20.0)	(20.9)	(3.7)	(3.2)	(5.0)	(69.2)
Total expenses	(17.9)	(25.8)	(25.8)	(3.9)	(3.3)	(5.3)	(82.0)
Operating profit	10.8	50.3	25.1	0.5	(0.1)	(5.3)	81.3
Share of profit after tax of joint venture	-	-	0.8	-	-	-	0.8

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

	Issuer Services £m	Broker Services £m	Information Services £m	Derivatives Services £m	Other £m	Corporate £m	Group £m
Revenue	63.2	163.8	105.9	9.3	7.4	-	349.6
Expenses							
Depreciation and amortisation	(2.9)	(10.6)	(9.6)	(0.4)	-	(0.6)	(24.1)
Exceptional costs (see note 3)	-	-	-	3.1	-	(14.5)	(11.4)
Other expenses	(32.5)	(39.6)	(43.8)	(7.4)	(6.5)	(10.1)	(139.9)
Total expenses	(35.4)	(50.2)	(53.4)	(4.7)	(6.5)	(25.2)	(175.4)
Operating profit	27.8	113.6	52.5	4.6	0.9	(25.2)	174.2
Share of profit after tax of joint venture	-	-	1.9	-	-	-	1.9

Revenue from the Other segment represents property letting and activities not directly related to the main four business segments. Corporate expenses are for corporate services which cannot reasonably be allocated to business segments. Principal operations and customers of the Group are in the United Kingdom.

NOTES TO THE FINANCIAL INFORMATION

3. EXCEPTIONAL ITEMS

	Six months ended 30 September		Year ended 31 March
	2007 £m	2006 £m	2007 £m
Fees in respect of potential offers for the Company	**-**	-	(13.5)
Impairment loss and provision in respect of EDX London Ltd	**-**	-	3.1
Restructuring costs	**-**	-	(1.0)
Total exceptional items	**-**	-	(11.4)

4. NET FINANCE COSTS

	Six months ended 30 September		Year ended 31 March
	2007 £m	2006 £m	2007 £m
Finance income			
Bank deposit and other interest	**2.2**	2.9	4.7
Expected return on defined benefit pension scheme assets (see note 15)	**6.2**	5.9	11.9
Investment Income	**0.2**	0.3	0.3
	8.6	9.1	16.9
Finance costs			
Interest payable on bank and other borrowings	**(13.9)**	(7.9)	(17.8)
Other finance costs	**(1.5)**	-	(0.5)
Interest on discounted provision for leasehold properties (see note 14)	**(0.7)**	(0.7)	(1.4)
Defined benefit pension scheme interest cost (see note 15)	**(6.3)**	(5.9)	(11.8)
	(22.4)	(14.5)	(31.5)
Net finance costs	**(13.8)**	(5.4)	(14.6)

5. TAXATION

Taxation charged to the income statement	Six months ended 30 September 2007 £m	Six months ended 30 September 2006 £m	Year ended 31 March 2007 £m
Current tax:			
Corporate tax for the period at 30% (2006: 30%)	**31.1**	22.0	49.6
Adjustments in respect of previous years	**(0.4)**	(5.1)	(5.1)
	30.7	16.9	44.5
Deferred tax:			
Deferred tax for the period	**(0.4)**	0.4	1.3
Adjustments in respect of previous years	**-**	5.1	5.1
Taxation charge	**30.3**	22.4	50.9

Taxation on items charged/(credited) to equity	Six months ended 30 September 2007 £m	Six months ended 30 September 2006 £m	Year ended 31 March 2007 £m
Current tax credit:			
Tax allowance on share options/awards in excess of expense recognised	**(2.3)**	(1.9)	(2.3)
Deferred tax charge/(credit):			
Defined benefit pension scheme actuarial gains	**2.7**	0.6	0.1
Tax allowance on share options/awards in excess of expense recognised	**(0.5)**	(1.5)	(2.6)

Factors affecting the tax charge for the period

The income statement tax charge assessed for the period differs from the standard rate of corporation tax in the UK of 30% (2006: 30%). The variations are explained below:

	Six months ended 30 September 2007 £m	Six months ended 30 September 2006 £m	Year ended 31 March 2007 £m
Profit before taxation	**101.8**	76.7	161.5
Profit multiplied by standard rate of corporation tax in the UK of 30%	**30.5**	23.0	48.5
Expenses not deductible/income not taxable	**0.5**	(0.4)	3.0
Share of joint venture consolidated at profit after tax	**(0.3)**	(0.2)	(0.6)
Adjustments in respect of previous years	**(0.4)**	-	-
Taxation charge	**30.3**	22.4	50.9

The tax rate applied is the expected rate for the full financial year.

NOTES TO THE FINANCIAL INFORMATION

6. EARNINGS PER SHARE

Earnings per share is presented on three bases: basic earnings per share; diluted earnings per share; and adjusted basic earnings per share. Basic earnings per share is in respect of all activities and diluted earnings per share takes into account the dilution effects which would arise on the conversion or vesting of share options and share awards under the Employee Share Ownership Plan (ESOP). Adjusted basic earnings per share excludes exceptional items to enable comparison of the underlying earnings of the business with prior periods.

	Six months ended 30 September		Year ended 31 March
	2007	2006	2007
Basic earnings per share	**35.7p**	24.2p	50.5p
Diluted earnings per share	**35.0p**	23.9p	49.4p
Adjusted basic earnings per share	**35.7p**	24.2p	56.2p
	£m	£m	£m
Profit for the financial period attributable to equity holders	**71.3**	54.1	109.6
Adjustments:			
Exceptional items	**-**	-	11.4
Tax effect of exceptional items	**-**	-	0.6
Exceptional items and taxation attributable to minority interest	**-**	-	0.5
Adjusted profit for the financial period attributable to equity holders	**71.3**	54.1	122.1
Weighted average number of shares - million	**199.5**	223.8	217.2
Effect of dilutive share options and awards - million	**3.9**	2.3	4.6
Diluted weighted average number of shares - million	**203.4**	226.1	221.8

The weighted average number of shares excludes those held in the ESOP, reducing the weighted average number of shares to 199.5m (September 2006: 223.8m; March 2007: 217.2m).

7. DIVIDENDS

	Six months ended 30 September		Year ended 31 March
	2007 £m	2006 £m	2007 £m
Second interim dividend for 2006 paid May 2006: 8.0p per Ordinary share	**-**	20.5	20.5
Interim dividend for 2007 paid January 2007: 6.0p (2006: 4.0p) per Ordinary share	**-**	-	12.7
Final dividend for 2007 paid August 2007: 12.0p per Ordinary share	**23.8**	-	-
Total dividends	**23.8**	20.5	33.2

An interim dividend relating to the six months ended 30 September 2007 of 8.0p, amounting to an estimated £22.0m, is proposed. This interim dividend, which is due to be paid in January 2008, is not reflected in this financial information. The right to non-cumulative preference dividends on the remaining redeemable Class B shares is discussed in note 13 below.

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses cash flow hedging to mitigate interest rate risk and foreign exchange risk. In the six months to 30 September 2007, the amount recognised in equity which represents the cumulative fair value adjustment recognised in respect of cash flow hedges and undertaken during the period in accordance with hedge accounting principles was £3.5m (2006: £nil). Derivative financial instruments in this item represent the current portion of derivatives designated as hedging instruments that hedge accounting is applied to.

9. OTHER ASSETS

Other assets relates to advisory fees and other transaction costs in relation to the Borsa Italiana S.p.A. transaction. The majority of these assets will be reclassified as part of the cost of acquisition in the opening balance sheet following the completion of the transaction on 1 October 2007. A small amount of the costs related to the issue of equity shares as consideration for the acquisition will be charged to the merger reserve arising on the issue of the Company's shares on 1 October 2007.

10. INVESTMENT IN JOINT VENTURE

The Group owns 50% of the 1,000 £1 issued equity shares in FTSE International Ltd, a company incorporated in Great Britain which distributes financial information. FTSE International Ltd is a joint venture owned together with The Financial Times Ltd, a subsidiary of Pearson plc. The Group investment of £2.1m (30 September 2006: £2.1m, 31 March 2007: £1.9m) represents the Group's share of the joint venture's net assets. The Group is entitled, under a shareholders' agreement, to receive royalties from FTSE International Ltd, as set out below.

The following amounts represent the Group's 50% share of the revenue and expenses and total equity of FTSE International Ltd for the six months to 30 September 2006 and 2007 and for the year ended 31 March 2007:

	Six months ended 30 September		Year ended 31 March
	2007 £m	2006 £m	2007 £m
Revenue	**11.8**	9.7	21.0
Profit after taxation	**0.9**	0.8	1.9
Total equity at period end	**2.1**	2.1	1.9
Amounts recognised in the financial information of the Group:			
Royalties receivable	**3.2**	2.6	5.7
Dividends receivable	**0.7**	0.4	1.7

11. TRADE AND OTHER RECEIVABLES

	30 September		31 March
	2007 £m	2006 £m	2007 £m
Current:			
Trade receivables	**33.6**	22.5	26.9
Other receivables	**0.2**	0.4	0.2
Prepayments and accrued income	**35.9**	30.2	34.3
Total trade and other receivables	**69.7**	53.1	61.4

12. TRADE AND OTHER PAYABLES

	30 September		31 March
	2007 £m	2006 £m	2007 £m
Trade payables	**2.1**	1.6	3.3
Social security and other taxes	**4.0**	4.5	2.1
Other payables	**6.0**	2.6	7.0
Share buyback programme	**-**	-	60.0
Accruals and deferred income	**82.1**	62.9	57.0
Total trade and other payables	**94.2**	71.6	129.4

NOTES TO THE FINANCIAL INFORMATION

13. BORROWINGS

	30 September		31 March
	2007 £m	2006 £m	2007 £m
Current			
Bank borrowings	**200.7**	97.6	155.7
Redeemable Class B shares	**13.8**	16.5	15.7
Other borrowings	**-**	0.6	-
	214.5	114.7	171.4
Non-current			
Bond issue	**248.3**	248.3	248.2
Other borrowings	**-**	0.5	0.5
	248.3	248.8	248.7
Total borrowings	**462.8**	363.5	420.1

Current borrowings

The Company has in place a multicurrency revolving loan facility of £200m, available up to 9 February 2011. Borrowings under the loan facility are unsecured and currently bear interest at a floating rate of LIBOR plus 40 basis points. £48m has been drawn down from this facility at 30 September 2007. The interest margin applicable to borrowings under the loan facility is dependant upon the Group net debt: EBITDA ratio.

At 30 September 2007 the Company also had a bridge facility of £250m which is available for drawdown up to 31 December 2007, repayable by 17 July 2009, to fund any return of capital to the Company's shareholders. Borrowings under the loan facility are unsecured and currently bear interest at a floating rate of LIBOR plus 75 basis points. The interest margin increases based on the length of time that the facility has been drawn. £154m of this facility has been drawn down to 30 September 2007.

At 30 September 2007 the Company also had a bridge facility of £460m for the purposes of refinancing borrowings of Borsa Italiana S.p.A., or if this is not required, any return of capital to the Company's shareholders, repayable by 22 June 2009. This facility has not been drawn down at 30 September 2007.

The Company has Redeemable Class B shares. Holders of B shares are entitled to a non-cumulative preference dividend based on 75% of six month LIBOR on 1 June and 1 December each year until 1 June 2009 and may redeem their B shares for 200 pence each on those dates. Any outstanding B shares will be redeemed on 1 June 2009.

Non-current borrowings

In July 2006 the Company issued a £250m bond. The bond is unsecured and is due for repayment in 2016, with a 5.875% coupon, interest to be paid semi-annually in arrears. The issue price of the bond was £99.679 per £100 nominal.

The coupon on the bond is dependant on the Company's credit rating. As a result of a change in the Company's credit rating from Moody's in October 2007 from Baa2 to Baa3 the coupon will increase by 25 basis points to 6.375% from January 2008.

Other borrowings

Other borrowings represented unsecured loans from a minority shareholder.

14. PROVISIONS

	Property £m	Other £m	Total £m
30 September 2006	29.9	6.0	35.9
Utilised during the period	(1.9)	(0.7)	(2.6)
Exceptional charges during the period	–	1.0	1.0
Released during the period	–	(3.1)	(3.1)
Interest on discounted provision	0.7	–	0.7
31 March 2007	**28.7**	**3.2**	**31.9**
Utilised during the period	(1.7)	(1.3)	(3.0)
Interest on discounted provision	0.7	–	0.7
30 September 2007	**27.7**	**1.9**	**29.6**
Non-current	23.6	1.1	24.7
Current	4.1	0.8	4.9
	27.7	**1.9**	**29.6**

Property

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

Other

Other provisions relate to the one off implementation costs arising from the cost saving programme announced in February 2006.

15. RETIREMENT BENEFIT OBLIGATIONS

The Group operates separate defined benefit and defined contribution schemes. The assets of the defined benefit and defined contribution schemes are held separately from those of the Group.

	30 September		31 March
Defined benefit assets and obligations	**2007 £m**	2006 £m	2007 £m
Fair value of assets	**225.5**	224.0	224.6
Present value of funded obligations	**(229.0)**	(241.0)	(239.6)
Balance sheet liability	**(3.5)**	(17.0)	(15.0)

	Six months ended 30 September		Year ended 31 March
Movement in defined benefit net liability during the period	**2007 £m**	2006 £m	2007 £m
1 April 2007	**(15.0)**	(20.3)	(20.3)
Current service cost	**(0.6)**	(0.7)	(1.4)
Net finance (cost)/income	**(0.1)**	–	0.1
Contributions paid	**3.1**	2.0	6.3
Actuarial gain	**9.1**	2.0	0.3
30 September 2007	**(3.5)**	(17.0)	(15.0)

NOTES TO THE FINANCIAL INFORMATION

16. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
				Other reserves				
	Share capital £m	Share premium £m	Retained (loss)/ earnings £m	Capital redemption reserve £m	Reverse acquisition reserve £m	Hedging reserve £m	Minority interest £m	Total equity £m
1 April 2006	14.9	4.3	268.0	-	-	-	1.6	288.8
Scheme of arrangement – May 2006	238.7	(4.3)	(491.7)	257.3	(512.5)	-	-	(512.5)
Equity transaction costs	-	-	(1.0)	-	-	-	-	(1.0)
Total recognised income and expense for the financial period	-	-	58.9	-	-	-	0.2	59.1
Second interim dividend relating to year ended 31 March 2006	-	-	(20.5)	-	-	-	-	(20.5)
Share buyback	(0.1)	-	(26.2)	-	-	-	-	(26.3)
Employee share schemes and own shares	-	-	(26.5)	-	-	-	-	(26.5)
30 September 2006	**253.5**	**-**	**(239.0)**	**257.3**	**(512.5)**	**-**	**1.8**	**(238.9)**
Equity transaction costs	-	-	(0.1)	-	-	-	-	(0.1)
Redemption of B shares	-	-	(0.8)	0.8	-	-	-	-
Total recognised income and expense for the financial period	-	-	55.8	-	-	-	0.8	56.6
Interim dividend relating to the year ended 31 March 2007	-	-	(12.7)	-	-	-	-	(12.7)
Share buyback	(0.5)	-	(143.7)	0.6	-	-	-	(143.6)
Employee share schemes and own shares	-	-	(11.2)	-	-	-	-	(11.2)
31 March 2007	**253.0**	**-**	**(351.7)**	**258.7**	**(512.5)**	**-**	**2.6**	**(349.9)**
Redemption of deferred shares	(238.7)	-	-	238.7	-	-	-	-
Total recognised income and expense for the financial period	-	-	80.5	-	-	(3.5)	0.2	77.2
Final dividend relating to year ended 31 March 2007	-	-	(23.8)	-	-	-	-	(23.8)
Share buyback	(0.5)	-	(33.9)	0.5	-	-	-	(33.9)
Employee share schemes and own shares	-	-	5.6	-	-	-	-	5.6
30 September 2007	**13.8**	**-**	**(323.3)**	**497.9**	**(512.5)**	**(3.5)**	**2.8**	**(324.8)**

During the current period the Company re-purchased, and subsequently cancelled 7.2m ordinary shares at an average price of £13.04 per share. The total consideration was £93.9m. The excess of the consideration over the nominal value has been charged against retained earnings.

In July 2007 the company redeemed all 119.4m of the outstanding deferred shares, in accordance with the Scheme circular issued to shareholders in March 2006. This resulted in an increase of £238.7m in the capital redemption reserve set up as a result of the £512.5m capital return.

The £3.5m hedging reserve represents the cumulative fair value adjustment recognised in respect of cash flow hedges undertaken during the period in accordance with hedge accounting principles.

For the year ended 31 March 2007 under the court-approved scheme of arrangement effected on 15 May 2006 the Company issued 43 new ordinary shares for every 51 existing ordinary shares in London Stock Exchange plc and one B share with a nominal value of 200 pence per share for every one existing ordinary share in London Stock Exchange plc. On 17 May 2006 the nominal value of the Company's new ordinary shares was reduced and the merger reserve created by the Scheme was capitalised through an issue of shares, and subsequently cancelled through a court-approved capital reduction, creating sufficient distributable reserves to enable the return of £512.5 million to shareholders, leaving approximately £2 billion at the Company level after the return.

For the year ended 31 March 2007 the Scheme and capital reduction resulted in the creation of a reverse acquisition reserve of (£512.5m) in the consolidated accounts and a capital redemption reserve of £257.3m.

For the year ended 31 March 2007 256.2m B shares were issued as the mechanism to facilitate the capital return, through: an initial dividend of 200 pence per share; an immediate 200 pence redemption per share; or retention of the B shares with the right to redeem semi-annually up to June 2009 (see note 13 above). Payments totalling £496.0m relating to the initial dividend and immediate redemption were made in May 2006.

The immediate redemption was paid in respect of 128.6m B shares, which were immediately redeemed and cancelled creating a £257.3m capital redemption reserve. On 1 December 2006, 0.4m B shares were redeemed and cancelled resulting in a further increase in the capital redemption reserve of £0.8m. On 1 June 2007, a further 1.0m B shares were redeemed and cancelled resulting in an increase in the capital redemption reserve of £2.0m. Consequently there were 6.9m B shares in issue at 30 September 2007, with aggregate nominal value of £13.8m. The prior year initial dividend was paid in respect of 119.4m B shares, which were immediately reclassified as deferred shares. As noted above, these were redeemed in July 2007.

17. NET CASHFLOW GENERATED FROM OPERATIONS

	Six months ended 30 September		Year ended 31 March
	2007 £m	2006 £m	2007 £m
Profit before taxation	**101.8**	76.7	161.5
Depreciation and amortisation	**11.3**	12.8	24.1
Impairment loss and provision for EDX London Ltd	**-**	-	(3.1)
Provision for restructuring costs	**-**	-	1.0
Net finance costs	**13.8**	5.4	14.6
Share of profit after tax of joint venture	**(0.9)**	(0.8)	(1.9)
Increase in trade and other receivables	**(8.1)**	(5.9)	(13.5)
Increase in trade and other payables	**9.5**	16.1	6.0
Defined benefit pension obligation – contributions in excess of expenses charged	**(2.6)**	(1.3)	(4.9)
Provisions utilised during the period	**(3.0)**	(5.3)	(7.9)
Share scheme expense	**5.4**	2.0	4.5
Cash generated from operations	**127.2**	99.7	180.4
Comprising:			
Ongoing operating activities	**127.2**	104.3	198.6
Exceptional items (see note 3)	**-**	(4.6)	(18.2)
	127.2	99.7	180.4

NOTES TO THE FINANCIAL INFORMATION

18. TRANSACTIONS WITH RELATED PARTIES

Transactions with FTSE International Ltd during the period are summarised in note 10. The nature and contractual terms of key management compensation and inter-company transactions with subsidiary undertakings during the period are consistent with the disclosure in note 30 of the Annual Report for the year ended 31 March 2007.

19. POST BALANCE SHEET EVENTS

On 1 October 2007, the Company completed its acquisition of 99.9% of the Ordinary shares of Borsa Italiana S.p.A. The Company issued 79,449,753 new Ordinary shares as consideration for this transaction. Based on the Company's opening share price of 1646 pence on 1 October 2007, total consideration paid to shareholders amounted to £1,308 million. Following completion of this transaction, the Company is currently in the process of performing a fair valuation exercise of Borsa Italiana S.p.A. as at 1 October 2007, disclosure of which will be set out in the Company's financial statements for the year ending 31 March 2008.

20. COMMITMENTS AND CONTINGENCIES

Cassa di Compensazione e Garanzia S.p.A. ("CC&G") is a subsidiary of Borsa Italiana S.p.A. acquired by London Stock Exchange Group plc on 1 October 2007. The primary business of CC&G is to act as a central clearing house. In the operation of such clearing services, CC&G is exposed to the risk of default by its clearing members.

PRINCIPAL RISKS

The achievement of the Company's business objectives is assisted by appropriately managing its business, operational, financial and compliance risks via an internal control framework.

The Company's principal risks and uncertainties are consistent with those set out in Part 2 of the Circular notifying shareholders of the proposed merger with Borsa Italiana S.p.A. The Company's internal control policies are consistent with those set out in the Annual Report for London Stock Exchange Group plc for the year ended 31 March 2007.

The principal risks and uncertainties foreseen will include the following specific risks in the second six months of the year.

As a result of a recent EU directive, UK terms of business will liberalise further with the introduction of the Market in Financial Instruments Directive ("MiFID") on 1 November. The Company is well positioned to compete as a result of steps it has taken, for example new products and services and development of advanced trading and information technology.

London Stock Exchange Group ("LSEG group") has completed its merger with Borsa Italiana on 1 October. The enlarged Group is committed to the delivery of synergy benefits and will apply a comprehensive programme management approach to assist in delivery of the integration of London Stock Exchange with Borsa Italiana.

Key services depend on technology which is secure, stable and performs to high levels of availability and throughput. The failure of these systems could adversely impact revenue and customer goodwill. The Group maintains alternative computer facilities to reduce the risk of system disruptions and applies rigorous methodologies to minimise risk.

DIRECTORS' RESPONSIBILITY STATEMENT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors' confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of London Stock Exchange Group plc are listed in the Annual Report for 31 March 2007, with the exception of the following changes in the period: On 24 September 2007 Mr Gary Allen and Mr Peter Meinertzhagen resigned from the board. On 1 October 2007 Messrs Sergio Emotti, Paolo Scaroni, Andrea Munari, Angelo Tantazzi and Massimo Capuano were appointed to the board. A list of current directors is maintained and is available for inspection at the Company's registered office located at 10 Paternoster Square, London EC4M 7LS.

By order of the Board

INDEPENDENT REVIEW REPORT TO LONDON STOCK EXCHANGE GROUP PLC

INTRODUCTION

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007, which comprises the income statement, statement of recognised income and expense, balance sheet, cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

DIRECTORS' RESPONSIBILITIES

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRS's as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial 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 half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purposes. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Ireland) 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 half-yearly financial report for the six months ended 30 September 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PRICEWATERHOUSECOOPERS LLP
Chartered Accountants
London
15 November 2007

FINANCIAL CALENDAR

Ex-dividend date for interim dividend	5 December 2007
Interim dividend record date	7 December 2007
Interim dividend payment date	4 January 2008
Q3 trading statement (revenues only)	end January 2008
Financial year end	31 March 2008
Preliminary results	May 2008
Annual General Meeting	July 2008

The financial calendar is updated on a regular basis throughout the year.
Please refer to our website for up-to-date details **www.londonstockexchange-ir.com/lse/services/calendar**

INVESTOR RELATIONS CONTACTS

For questions or requests for information about London Stock Exchange Group plc, please contact:

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