INTERIM REPORT
Six months ended 30 September 2008

THE WORLD'S CAPITAL MARKET

London Stock Exchange Group

CONTENTS

WE REMAIN WELL POSITIONED TO MEET THE EVOLVING NEEDS OF AN INCREASINGLY INTERNATIONAL COMMUNITY IN A PERIOD OF GREAT CHANGE

CHRIS GIBSON-SMITH

Against the backdrop of volatile and increasingly difficult market conditions, the Exchange has delivered a good result for the first half of the financial year. Issuer Services made a strong start in the first quarter and London’s share of international IPOs remains very high, though overall new issue activity has, unsurprisingly, been more subdued in the latter part of the period. Information Services produced a strong performance in the period, with an increase in the number of professional users of our real-time price and trading data, reflecting growth in international demand for information. The Trading Services division has delivered a solid result. Trading in cash equities in London remained good, with a 33 per cent rise in daily trading volume and, while value traded declined two per cent, this was set against an average 12 per cent fall in the FTSE 100. Elsewhere, derivatives performed well though cash equities in Italy remained under pressure due to the decline in the MIB index, and fixed income also suffered in a difficult trading environment. The Italian based post trade operations delivered a strong result and the clearing house has demonstrated its strength in a period marked by higher risk resulting from the financial market turmoil.

The first half performance highlights the high quality and resilient nature of our businesses, particularly the value of our critical capital raising, the deep liquidity of our markets and price forming role as a well regulated market. We have seen growth in trading by high frequency technical traders which has driven trading both on our markets and on competitor platforms, contributing to the overall growth of the market. During the period we introduced a new trading tariff structure which rewards and incentivises such liquidity provision, making our markets more efficient and attractive.

The merger with Borsa Italiana is making good progress and we now expect to exceed the promised cost savings by 20 per cent and achieve them at a faster rate, anticipating an extra £4 million in cost synergies by next year. This increases total synergies by ten per cent to at least £44 million, with an additional £4 million uplift in implementation costs to £44 million to achieve the extra savings.

The Exchange faces a very difficult and uncertain macro environment, though we remain well positioned to meet the evolving needs of an increasingly international community in a period of great change.

Financial results

Unless otherwise stated, all figures below refer to the six months ended 30 September 2008. Comparative figures are for the corresponding period last year. In addition, to assist investors in understanding the performance of the enlarged Group, pro forma figures are presented for the prior comparative period as if Borsa Italiana had been acquired on 1 April 2007. The basis of preparation is set out on page 8. All data relating to key performance indicators is provided on a pro forma basis for the full financial year and equivalent prior period unless otherwise stated.

The Exchange produced a good overall performance in the first six months of the financial year, with revenue up 70 per cent to £345.5 million (2007: £203.1 million). On a pro forma basis revenue increased five per cent (from £329.0 million), flat in constant currency. Operating costs before amortisation of purchased intangibles and exceptional integration costs increased from £88.4 million to £165.6 million, up six per cent on a pro forma basis (from £156.9 million), flat in constant currency. This includes £6.1 million of costs associated with the collapse of Lehman Brothers. Operating profit for the period, also before amortisation of purchased intangibles and exceptional integration costs, increased 57 per cent from £114.7 million to £179.9 million, up five per cent (from £172.1 million) on a pro forma basis and flat in constant currency.

Net finance costs increased to £27.2 million, up from £17.8 million, which includes the recycling from reserves of a £6.8 million non-cash charge associated with the end of hedge accounting for a gilt lock which was put in place to mitigate interest rate movements on a future bond issue. The underlying group tax rate of 31.5 per cent, above the standard UK tax rate of 28 per cent, reflects the mix of profit between the UK and Italy.

Basic earnings per share was 30.3 pence, a decrease of 12 per cent over basic earnings of 34.3 pence per share last year. Adjusted basic earnings per share increased ten per cent to 39.3 pence.

Net cash flow from operating activities increased 67 per cent to £145.4 million (2007: £87.3 million).

Capital expenditure in H1 amounted to £26.3 million, including £7.7 million associated with integration projects. Further integration expenditure will be incurred in H2 and, with a number of technology and other projects being developed, spend is expected to increase in the second half, with total capital expenditure above £70 million for the year.

The Exchange has retained a prudent financial structure. At 30 September 2008 drawn borrowings amounted to £624 million. A new £250 million, five year revolving credit facility at LIBOR plus 80 basis points, was taken out in July to replace a £250 million bridge facility due to expire in July 2009. The Group also arranged a new £25 million three year facility in October 2008 and on 12 November agreed to extend its £180 million bridge and £200 million revolving credit facilities until April 2010 and February 2012 respectively. Committed facilities available for general Group purposes total £905 million, of which £700 million extends to 2012 or beyond, providing comfortable headroom.

Interim dividend and share buyback

The Directors have declared an interim dividend of 8.4 pence per share, representing a five per cent increase in interim dividend (2007: 8.0 pence). The increased payment recognises both the good first half financial performance and the Board's belief that it is appropriate to remain cautious at this interim stage while market conditions remain difficult.

The interim dividend will be paid on 5 January 2009 to shareholders on the register on 5 December 2008.

The Exchange made on-market purchases of 5.9 million shares during the first half of the year, for a total consideration of £51.5 million, and has completed purchases of almost £100 million in the past year. As at 30 September 2008, the number of ordinary shares in issue was 270,518,518.

The Board remains committed to returning capital when it is in shareholders' interest to do so but believes that following the significant changes in global financial market conditions, it is currently prudent to retain a more robust balance sheet and to provide financial flexibility to pursue investment opportunities. It is therefore bringing to an end the £500 million share buyback programme currently in place.

Board of directors

The Exchange is pleased to welcome Doug Webb to its Board of Directors. Doug joined the Group as Chief Financial Officer at the start of June, having been with QinetiQ Group plc for the previous five years, latterly as CFO.

Operating performance

A more detailed review of the operational performance of the business is provided in the operating report below. All comparative information is provided on a pro forma basis.

ISSUER SERVICES

	Six months ended 30 September			Variance at constant currency
	2008 £m	2007 £m	Variance %	%
Annual fees	**20.8**	20.2	3	(2)
Admission fees	**16.7**	19.8	(16)	(17)
RNS, other	**11.9**	11.1	8	3
Revenue	**49.4**	51.1	(3)	(7)

Following a strong first quarter performance, Issuer Services saw a decline in new and further issue activity in the second quarter, with revenue for the half year down seven per cent on a pro forma constant currency basis to £49.4 million, contributing 14 per cent of total Group revenue.

Annual fee income was good at £20.8 million, highlighting the resilient nature of the revenue line. At 30 September 2008 the total number of companies on our markets stood at 3,489, including 305 on Borsa Italiana's markets.

Income from Admission activity declined in the period, reflecting the generally difficult conditions for new equity issuance resulting from the global crisis in financial markets. The total number of Main Market new issues reduced to 49 and numbers were also subdued in Borsa Italiana. Nevertheless, the number of international new issues remained good overall in the period, with 21 international IPOs on the Exchange's markets during the period, easily exceeding those on NYSE Euronext, Nasdaq OMX and Deutsche Börse. The total amount of new capital raised on the Exchange's markets during the first six months of the financial year rose to £43.6 billion (2007: £29.6 billion), principally due to a near tripling of money raised by further issues to a record £34 billion.

	Six months ended 30 September		Variance
	2008	2007	%
New Issues			
Main Market, PSM & SFM	**49**	73	(33)
AIM	**60**	163	(63)
BIt	**5**	23	(78)
Total	**114**	259	(56)
Company Numbers (as at 30 September)			
Main Market, PSM & SFM	**1,575**	1,615	(2)
AIM	**1,609**	1,682	(4)
BIt	**305**	304	0
Total	**3,489**	3,601	(3)
Market capitalisation (as at 30 September)			
Main Market (UK only) (£bn)	**1,445**	1,950	(26)
AIM (£bn)	**62**	102	(39)
BIt (€bn)	**480**	772	(38)
BIt (£bn)	**383**	544	
Total	**1,890**	2,596	(27)

RNS, the Exchange's UK financial communications service performed well, maintaining around 75 per cent market share of all regulatory announcements with over 90 companies in the FTSE 100 using RNS in the half year.

TRADING SERVICES

	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m	Variance %	Variance at constant currency %
Cash	**105.1**	105.5	0	(2)
Derivatives	**13.5**	11.8	14	8
Fixed income	**12.9**	17.6	(27)	(34)
Other	**19.6**	18.1	8	0
Revenue	**151.1**	153.0	(1)	(5)

The Trading Services division, which consists of cash equities, derivatives and fixed income trading activities, produced a solid overall performance against the backdrop of significant falls in market value, contributing 44 per cent of Group revenues.

Trading on SETS, the UK electronic order book, remained strong in volume terms, with average daily bargains up 33 per cent, driven in part by the continued growth in high frequency, algorithmic traders using the low latency trading opportunities provided by our platform. Increased market volatility over the period, particularly in September, also contributed to the first half performance.

	Six months ended 30 September 2008	Six months ended 30 September 2007	Variance %
Equity Volume Bargains (m)			
LSE	**94.6**	69.4	36
BIt	**33.8**	36.0	(6)
Total	**128.4**	105.4	22
Equity Value Traded			
LSE (£bn)	**1,068**	1,086	(2)
BIt (€bn)	**568**	833	(32)
BIt (£bn)	**451**	587	(23)
Total	**1,519**	1,673	(9)
Equity Average Daily Bargains ('000)			
LSE	**739**	555	33
BIt	**262**	286	(8)
Total	**1,001**	841	19
Equity Average Daily Value Traded			
LSE (£bn)	**8.3**	8.7	(5)
BIt (€bn)	**4.4**	6.6	(33)
BIt (£bn)	**3.5**	4.7	(26)
Total	**11.8**	13.4	(12)
Equity Average Bargain size			
LSE (£'000)	**11.3**	15.7	(28)
BIt (€'000)	**16.8**	23.1	(27)

In terms of value traded on SETS, there was a two per cent fall to £1,068 billion traded in the half year, partly reflecting a 12 per cent fall in the average value of the FTSE 100. The average value of a SETS bargain decreased to £11,300 with the yield per bargain declining, as expected, to £0.74 (2007: £0.99).

Average daily number of trades in Italy declined eight per cent, reflecting a reduction in retail trading arising from the turmoil in financial markets and a 27 per cent average fall in the value of the MIB index. Migration to the lower latency TradElect platform which took place on 10 November is expected to facilitate increased levels of trading due to high speed and significantly improved execution certainty.

The Exchange introduced a new tariff structure for order book trading in London from 1 September to provide new incentives for liquidity provision, leading in turn to tighter spreads and lower overall transaction costs. This new structure is already stimulating growth in trading among the high frequency technical traders (or electronic liquidity providers), which have become an important new source of liquidity provision, and has helped increase the velocity of trading.

In June the Exchange announced its intention to launch a pan-European non-display, or "dark pool", trading venue, called Baikal. The service was originally announced in cooperation with Lehman Brothers. Following Lehman's move into administration the Exchange has reviewed a number of interesting options in connection with Baikal. The Exchange remains fully committed to Baikal, expects to announce new partners shortly and aims to launch the venture late second quarter 2009, subject to regulatory approval. While it is likely that Baikal will launch into challenging markets the Exchange continues to expect a significant return on investment.

The Exchange's Derivatives operations performed well overall, with good growth at EDX London. EDX recorded a 49 per cent increase in contracts traded, driven in part by very strong growth in Russian derivatives. Trading on the Italian derivatives market IDEM reduced slightly, reflecting the decline in the Italian equities market, though open interest increased more than 20 per cent. Trading commenced on Borsa Italiana's new energy derivatives market, IDEX, at the beginning of November.

	Six months ended 30 September		Variance
	2008	**2007**	**%**
Derivatives (contracts m)			
EDX	**32.0**	21.5	49
IDEM	**19.4**	19.6	(1)
Total	**51.4**	41.1	25
Fixed Income (Nominal Value Traded)			
BIt MOT (€bn)	**78.3**	73.9	6
MTS (€tn)	**9.9**	10.9	(9)

On the Fixed Income markets, trading conditions remained difficult as a consequence of continued credit market liquidity events. On MTS, nominal value traded on repo and cash trading decreased nine per cent in total. However on MOT, Borsa Italiana's Electronic Bond and Government Securities Market, value traded increased six per cent.

INFORMATION SERVICES

	Six months ended 30 September 2008 £m	2007 £m	Variance %	Variance at constant currency %
Data charges	**60.6**	52.3	16	12
Other	**29.2**	24.8	18	16
Revenue	**89.8**	77.1	16	13

The Information Services division in London and Milan delivered a strong performance, with a 13 per cent increase in pro forma constant currency revenues, comprising 26 per cent of total Group income.

	Six months ended 30 September 2008	2007	Variance %
LSE Terminals			
Professional - UK	**45,000**	43,000	5
Professional - International	**67,000**	61,000	10
Private	**28,000**	23,000	22
Total	**140,000**	127,000	10
BIt Terminals			
Professional	**161,000**	154,000	5
Private	**831,000**	719,000	16
Total	**992,000**	873,000	14

The total number of terminals taking London Stock Exchange data rose strongly compared with the position at September 2007. The 112,000 terminals attributable to professional users are unchanged on the level at the start of the financial year. The increase over the last year has been driven by growth in international terminals, with the number of users outside the UK increasing to 67,000 (2007: 61,000).

In Italy there was good year on year growth in the number of professional users of the DDM service (which provides real time Italian market data), with no change over the last six months.

SEDOL, the Exchange’s service providing unique identification for a range of global tradable securities, grew strongly in the period. Proquote also delivered a strong first half performance.

During the half year the Exchange launched two new Information products. Performance Channels is a new high speed delivery mechanism for real time data over 100 megabyte lines primarily designed for market users requiring low latency connections. Also, a Server Hosting service was launched, providing trading firms with the ability to physically locate their servers within the Exchange’s own data centre which allows sub-millisecond access to TradElect by eliminating network latency.

POST TRADE SERVICES

	Six months ended 30 September 2008 £m	2007 £m	Variance %	Variance at constant currency %
Clearing	**21.7**	18.1	20	6
Settlement	**7.9**	7.7	3	(8)
Custody	**17.1**	15.2	12	0
Revenue	**46.7**	41.0	14	1

The Post Trade Services division delivered a good result given the decline in trading volumes in the markets in which it operates, making up 14 per cent of Group revenues.

	Six months ended 30 September 2008	2007	Variance %
CC&G Clearing:			
Equity Clearing (m)	**34.3**	36.5	(6)
Derivative Clearing (m)	**19.4**	19.6	(1)
Total Contracts (m)	**53.7**	56.1	(4)
Open Interest (m)	**3.7**	3.0	23
Monte Titoli:			
Settlement Instructions (m)	**18.0**	26.8	(33)
Custody assets under management (€tn)	**2.7**	2.8	(4)

Clearing transaction volumes at CC&G declined as a result of falls in both Italian cash equities and derivatives trading volumes. However, open interest at the end of September 2008 grew strongly, up 23 per cent at 3.7 million contracts. Clearing revenues benefited from an increase in cash deposits. The strength of CC&G's management of counterparty risk was demonstrated in a period marked by crisis in financial markets and consequent trading defaults that arose, without call on the Group.

In Monte Titoli, the number of settlement instructions during the half year decreased by a third, reflecting both a reduction in equities trading and higher levels of settlement netting.

Custody revenues for the six months were flat on a constant currency pro forma basis. The average value of assets under custody fell four per cent to €2.7 trillion (2007: €2.8 trillion) mainly due to the decrease in market value.

Operating costs

Operating costs, before amortisation of purchased intangibles and exceptionals, increased six per cent to £165.6 million on a pro forma basis, flat in constant currency. The principal movements were a £5 million increase in staff costs, mainly reflecting the in-sourcing of technology support in October 2007, with a related £8 million reduction in IT costs. £6.1 million of bad debt and other provisions associated with the bankruptcy of Lehman Brothers was taken in the period. Excluding the Lehman provision, at constant currency operating costs were reduced by four per cent.

Group headcount was reduced three per cent to 1,179, down from 1,210 at year end and the Exchange remains closely focused on the cost structure of the Group.

Current trading and Outlook

The Exchange delivered a good overall first half performance, set against challenging market conditions and a difficult trading environment. Trading volume has remained strong since the half year end, though value traded has declined. Volatile and weak market conditions mean that new issue activity remains subdued, although the pipeline for further issues appears robust.

Looking ahead to the rest of the financial year, activity on the Exchange will continue to reflect changes in market capitalisation and difficult and uncertain market conditions. However, the business has demonstrated its resilience across many product lines, underlining its critical role in equity funding and price formation, providing deep liquidity and certainty of execution in a well regulated market. Synergies from the integration of Borsa Italiana have been increased, and the Exchange is confident that it is well placed to exploit opportunities arising from its unique strategic position in a more difficult global market environment.

Chris Gibson-Smith
CHAIRMAN
13 November 2008

Pro forma results for the six months ended 30 September 2008

	Six months ended 30 September			Variance at constant	Year ended 31 March
	2008* **£m**	**2007*** **£m**	**Variance %**	**currency %**	**2008*** **£m**
Issuer	**49.4**	51.1	(3)	(7)	97.1
Trading	**151.1**	153.0	(1)	(5)	310.0
Information	**89.8**	77.1	16	13	161.9
Post Trade	**46.7**	41.0	14	1	82.0
Other income	**8.5**	6.8	25	18	15.8
Total Revenue	**345.5**	329.0	5	0	666.8
Operating expenses	**165.6**	156.9	6	0	323.8
Adjusted operating profit	**179.9**	172.1	5	0	343.0

* Excluding exceptional items and amortisation of purchased intangible assets.

Basis of preparation
On 1 October 2007, Borsa Italiana S.p.A. ("BIt") was acquired by London Stock Exchange Group plc ("LSEG").

The unaudited pro forma information has been prepared by the directors to illustrate the acquisition of BIt as if it had taken place on 1 April 2007 (the first day of the comparative period). In addition, the pro forma information includes the revenues, operating expenses and adjusted operating profit of MBE Holding S.p.A. (the holding company for MTS), of which the remaining 51% was acquired on 14 September 2007, as if it had been acquired on 1 April 2007 by BIt. The information has not been designed to and does not give a presentation of the consolidated revenue, operating expenses or adjusted operating profit of LSEG that would have been reported had the business combination actually occurred on 1 April 2007 (for example, it does not include the impact of potential synergies). It has been prepared for illustrative purposes only through the aggregation of existing LSEG, existing BIT group and MBE Holding S.p.A. (including MTS) financial information.

The information has been prepared without making any adjustments to reflect the impact of acquisition accounting in accordance with IFRS 3. Therefore, undue reliance should not be placed on this information.

Results for BIt for the six months ended 30 September 2008 have been translated into Sterling using the average monthly exchange rates prevalent during the period of €1.2603 : £1. Pro forma results for BIt for the six months ended 30 September 2007 and for the year ended 31 March 2008 have been translated at the average exchange rate for the year ended 31 March 2008 of €1.4196 : £1. Constant currency growth rates have been calculated by translating prior period results at the average exchange rate for the current period.

CONSOLIDATED INCOME STATEMENT

Six months ended 30 September 2008

Continuing operations	Notes	Six months ended 30 September 2008 Unaudited £m	Six months ended 30 September 2007 Unaudited £m (restated)	Year ended 31 March 2008 £m (restated)
Revenue	3	**345.5**	203.1	546.4
Expenses				
Operating expenses before amortisation of purchased intangible assets and exceptional items		**(165.6)**	(88.4)	(257.4)
Amortisation of purchased intangible assets	4	**(23.4)**	–	(21.5)
Exceptional items	4	**(3.4)**	–	(2.3)
Total operating expenses		**(192.4)**	(88.4)	(281.2)
Operating profit before amortisation of purchased intangible assets and exceptional items		***179.9***	*114.7*	*289.0*
Operating profit after amortisation of purchased intangible assets and exceptional items	3	**153.1**	114.7	265.2
Finance income		**13.1**	8.6	18.8
Finance costs including exceptional items		**(40.3)**	(26.4)	(59.2)
Net finance costs	5	**(27.2)**	(17.8)	(40.4)
Share of profit after tax of joint venture/associates		**1.1**	0.9	2.2
Profit before taxation		**127.0**	97.8	227.0
Taxation on profit before taxation before amortisation of purchased intangible assets and exceptional items		**(50.2)**	(30.3)	(80.3)
Taxation on amortisation of purchased intangible assets and exceptional items	4	**6.9**	1.2	26.3
Total taxation	6	**(43.3)**	(29.1)	(54.0)
Profit for the financial period		**83.7**	68.7	173.0
Profit attributable to minority interests		**2.0**	0.2	4.7
Profit attributable to equity holders		**81.7**	68.5	168.3
		83.7	68.7	173.0
Basic earnings per share	7	**30.3p**	34.3p	70.8p
Diluted earnings per share	7	**30.0p**	33.7p	69.7p
Adjusted basic earnings per share	7	**39.3p**	35.7p	73.1p
Adjusted diluted earnings per share	7	**38.9p**	35.1p	71.9p
Dividend per share in respect of financial period:	8			
Dividend per share paid during the period		**16.0p**	12.0p	20.0p
Dividend per share proposed for the period		**8.4p**	8.0p	24.0p

The notes on pages 13 to 26 form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

Six months ended 30 September 2008

	Six months ended 30 September		Year ended 31 March
	2008 Unaudited £m	2007 Unaudited £m (restated)	2008 £m (restated)
Profit for the financial period	**83.7**	68.7	173.0
Defined benefit pension scheme actuarial (loss)/gain	**(11.9)**	6.4	21.2
Cash flow hedge	**7.9**	(3.5)	(7.9)
Net investment hedge	**1.4**	–	(6.8)
Exchange (loss)/gain on translation of foreign operation	**(19.8)**	–	212.7
Tax related to items not recognised in income statement	**0.3**	2.8	(3.9)
	(22.1)	5.7	215.3
Total recognised income and expense for the financial period	**61.6**	74.4	388.3
Attributable to minority interests	**1.3**	0.2	15.9
Attributable to equity holders	**60.3**	74.2	372.4
	61.6	74.4	388.3

The notes on pages 13 to 26 form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED BALANCE SHEET

30 September 2008

	Notes	30 September 2008 Unaudited £m	30 September 2007 Unaudited £m (restated)	31 March 2008 £m (restated)
Assets				
Non–current assets				
Property, plant and equipment		**72.4**	54.6	72.8
Intangible assets	9	**1,789.2**	57.8	1,821.9
Investment in joint venture		**1.0**	2.1	1.9
Investment in associates		**2.2**	–	2.3
Deferred tax assets		**8.4**	12.9	10.0
Available for sale investments		**0.4**	0.4	0.4
Retirement benefit asset	10	**2.6**	–	11.8
Other non-current assets		**0.4**	16.6	0.4
		1,876.6	144.4	1,921.5
Current assets				
Trade and other receivables	11	**113.1**	69.7	121.1
Derivative financial instruments		**0.5**	–	–
CCP financial assets		**18,593.8**	–	15,649.2
CCP cash and cash equivalents (restricted)		**2,885.0**	–	1,654.1
CCP clearing business assets	12	**21,478.8**	–	17,303.3
Current tax		**–**	–	3.9
Assets held at fair value	12	**22.0**	–	13.8
Assets held for disposal		**0.9**	–	–
Cash and cash equivalents		**142.2**	77.5	200.6
		21,757.5	147.2	17,642.7
Total assets		**23,634.1**	291.6	19,564.2
Liabilities				
Current liabilities				
Trade and other payables	13	**140.6**	94.2	146.2
Derivative financial instruments		**6.8**	3.5	7.9
CCP clearing business liabilities	12	**21,501.6**	–	17,307.7
Current tax		**12.4**	21.6	13.9
Borrowings	14	**184.6**	214.5	436.0
Provisions	16	**4.2**	4.9	5.2
Other current liabilities		**–**	–	1.8
		21,850.2	338.7	17,918.7
Non–current liabilities				
Borrowings	14	**450.3**	252.3	256.1
Deferred tax liabilities		**89.6**	–	95.7
Retirement benefit obligations	10	**7.4**	3.5	7.6
Provisions	16	**22.6**	24.7	23.2
		569.9	280.5	382.6
Total liabilities		**22,420.1**	619.2	18,301.3
Net assets/(liabilities)		**1,214.0**	(327.6)	1,262.9
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	17	**18.7**	13.8	19.1
Retained losses		**(364.6)**	(326.1)	(331.1)
Other reserves	17	**1,472.4**	(18.1)	1,479.7
		1,126.5	(330.4)	1,167.7
Minority interests	17	**87.5**	2.8	95.2
Total equity		**1,214.0**	(327.6)	1,262.9

The notes on pages 13 to 26 form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 September 2008

	Notes	Six months ended 30 September 2008 Unaudited £m	Six months ended 30 September 2007 Unaudited £m	Year ended 31 March 2008 £m
Cash flow from operating activities				
Cash generated from operations	18	**195.1**	127.2	280.2
Interest received		**4.6**	1.3	5.8
Interest paid		**(24.2)**	(16.0)	(39.4)
Corporation tax paid		**(30.1)**	(25.2)	(68.7)
Net cash inflow from operating activities		**145.4**	87.3	177.9
Cash flow from investing activities				
Net cash inflow from merger		**–**	–	82.3
Purchase of property, plant and equipment		**(7.0)**	(1.0)	(10.3)
Purchase of intangible assets		**(17.4)**	(6.3)	(21.9)
Purchase of other Assets		**–**	(1.0)	–
Dividends received		**2.6**	1.0	2.4
Acquisition of minority interests in Borsa Italiana S.p.A.		**–**	–	(0.5)
Net cash (outflow)/inflow from investing activities		**(21.8)**	(7.3)	52.0
Cash flow from financing activities				
Dividends paid to Shareholders		**(49.3)**	(23.8)	(46.0)
Cash impact of May 2006 capital return, including redemption of B shares		**(2.1)**	(1.9)	(8.1)
Share buyback		**(51.6)**	(98.5)	(143.8)
Purchase of own shares by ESOP trust		**(26.3)**	–	(36.7)
Proceeds from exercise of employee share options		**0.7**	3.3	5.9
Net proceeds from unsecured borrowings		**195.6**	45.5	613.0
Repayment of borrowings		**(249.2)**	–	(497.5)
Share issue costs		**–**	–	(2.9)
Net cash outflow from financing activities		**(182.2)**	(75.4)	(116.1)
(Decrease)/increase in cash and cash equivalents		**(58.6)**	4.6	113.8
Cash and cash equivalents at beginning of period		**200.6**	72.9	72.9
Exchange gains on cash and cash equivalents		**0.2**	–	13.9
Cash and cash equivalents at end of period		**142.2**	77.5	200.6

The notes on pages 13 to 26 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE FINANCIAL INFORMATION

The Interim Report for London Stock Exchange Group plc ("the Group" or "the Company") for the six months ended 30 September 2008 was approved by the Directors on 12 November 2008.

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 61 to 64 of the Annual Report for the Group for the year ended 31 March 2008.

All new standards, amendments to standards or interpretations that have been issued but are not yet mandatory for the financial year ending 31 March 2009 have been set out on page 60 of the Annual Report of the Group for the year ended 31 March 2008.

The following standards and interpretations were issued by the IASB and IFRIC since the last Annual Report, but have not been adopted either because they were not endorsed by the European Union ("EU") at 30 September 2008, they are not yet mandatory, or the Group has not chosen to early adopt. None of these are expected to have a material impact on the Group's consolidated results:

1. Amendments to IFRS 1 and IAS 27 "Cost of an Investment in a subsidiary, jointly controlled entity or associate" – (effective for annual periods beginning on or after 1 January 2009);
2. IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" – (effective for annual periods beginning on or after 1 October 2008);
3. "Improvements to IFRSs" – (effective for annual periods beginning on or after 1 January 2009 (for some amendments) and 1 July 2009 (for the other amendments));
4. IAS 39 "Financial Instruments: Recognition and Measurement: Eligible Hedged Items" – (effective for annual periods beginning on or after 1 July 2009);
5. Amendments to IAS 39 and IFRS 7 "Reclassification of Financial Instruments" – (amendments effective from 1 July 2008);
6. Amendment to IAS 32 and IAS 1 "Puttable financial instruments" – (amendments effective from 1 January 2009).

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 judgment at the date of the Interim Report, actual results may differ from these estimates.

For these condensed consolidated interim financial statements the Group is not adopting the columnar format for its income statement as stated in the Group accounting policies.

The statutory accounts of London Stock Exchange Group plc for the year ended 31 March 2008, 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.

NOTES TO THE FINANCIAL INFORMATION

2. Prior period adjustment

The Group carries its bank borrowings and bonds at amortised cost, with interest charged to the income statement over the period of the borrowings using the effective interest rate ("EIR") method. Its July 2006 £250m bond paid an initial coupon of 5.875% p.a. Due to amendments to the Company's long term credit rating, the coupon increased to 6.125% and 6.375% in July 2007 and January 2008 respectively. For the purposes of its interim and annual financial statements at 30 September 2007 and 31 March 2008, the Group treated this bond as a floating rate instrument and, accordingly, did not reflect the impact of the expected future cash flows at the original EIR in its calculations.

Following further consideration, the Directors decided that, although there were good arguments for treating elements of the bond as floating rate, it was more appropriate to have treated this as a fixed rate instrument, and, accordingly, the prior period financial statements have been adjusted by restating the carrying amount of the debt instrument by discounting the revised cash flows using the original EIR, with the resulting adjustments being recorded in the income statement as an exceptional finance cost. The resulting charge to the income statement will be offset following revisions to the EIR calculations, which will recognise reduced future interest cost over the remaining life of the bond.

The effect of these adjustments on the two prior periods is shown below:

	Notes	Six months ended 30 September 2007 £m	Year ended 31 March 2008 £m
Effect on the income statement			
Profit for the financial period (as originally stated)		71.5	178.5
Finance costs: increase	5	(4.0)	(7.7)
Taxation charge reduction	6	1.2	2.2
Profit for the financial period (restated)		68.7	173.0
Effect on the balance sheet			
Net (liabilities)/assets (as originally stated)		(324.8)	1,268.4
Borrowings increase	14	(4.0)	(7.7)
Current tax creditor decrease		1.2	2.2
Net (liabilities)/assets (restated)		(327.6)	1,262.9

	Six months ended 30 September 2007	Year ended 31 March 2008
Effect on earnings per share		
Basic earnings per share (as originally stated)	35.7p	73.1p
Prior period adjustment	(1.4p)	(2.3p)
Basic earnings per share (restated)	34.3p	70.8p
Diluted earnings per share (as originally stated)	35.0p	71.9p
Prior period adjustment	(1.3p)	(2.2p)
Diluted earnings per share (restated)	33.7p	69.7p

There was no effect on adjusted basic earnings per share as the bond adjustment is treated as an exceptional item.

3. Segmental information

Primary segmental disclosures for the six months ended 30 September 2008 are as follows:

	Issuer £m	Trading £m	Information £m	Post Trade £m	Other £m	Corporate £m	Group £m
Revenue	**49.4**	**151.1**	**89.8**	**46.7**	**8.5**	**–**	**345.5**
Expenses							
Depreciation and software amortisation	**(1.7)**	**(8.4)**	**(3.7)**	**(1.5)**	**(0.8)**	**(0.5)**	**(16.6)**
Amortisation of purchased intangible assets	**(2.2)**	**(6.4)**	**(3.2)**	**(11.6)**	**–**	**–**	**(23.4)**
Exceptional integration costs (note 4)	**(0.3)**	**(1.0)**	**(0.6)**	**(0.1)**	**(0.7)**	**(0.7)**	**(3.4)**
Other expenses	**(23.5)**	**(60.0)**	**(32.9)**	**(16.4)**	**(7.1)**	**(9.1)**	**(149.0)**
Total expenses	**(27.7)**	**(75.8)**	**(40.4)**	**(29.6)**	**(8.6)**	**(10.3)**	**(192.4)**
Operating profit	**21.7**	**75.3**	**49.4**	**17.1**	**(0.1)**	**(10.3)**	**153.1**
Share of profit after tax of joint venture / associates	**–**	**–**	**1.1**	**–**	**–**	**–**	**1.1**

Comparative primary segmental disclosures for the six months ended 30 September 2007 are as follows:

	Issuer £m	Trading £m	Information £m	Post Trade £m	Other £m	Corporate £m	Group £m
Revenue	35.5	105.1	58.1	–	4.4	–	203.1
Expenses							
Depreciation and software amortisation	(1.4)	(5.9)	(3.6)	–	(0.1)	(0.3)	(11.3)
Other expenses	(16.6)	(27.2)	(23.6)	–	(3.9)	(5.8)	(77.1)
Total expenses	(18.0)	(33.1)	(27.2)	–	(4.0)	(6.1)	(88.4)
Operating profit	17.5	72.0	30.9	–	0.4	(6.1)	114.7
Share of profit after tax of joint venture	–	–	0.9	–	–	–	0.9

Comparative primary segmental disclosures for the year ended 31 March 2008 are as follows:

	Issuer £m	Trading £m	Information £m	Post Trade £m	Other £m	Corporate £m	Group £m
Revenue	82.4	264.7	143.6	42.8	12.9	–	546.4
Expenses							
Depreciation and software amortisation	(3.0)	(13.9)	(5.2)	(3.4)	(0.8)	(0.6)	(26.9)
Amortisation of purchased intangible assets	(2.0)	(5.9)	(2.9)	(10.7)	–	–	(21.5)
Exceptional integration costs (note 4)	(0.2)	(0.3)	(0.3)	–	–	(1.5)	(2.3)
Other expenses	(41.6)	(87.5)	(58.4)	(15.3)	(11.4)	(16.3)	(230.5)
Total expenses	(46.8)	(107.6)	(66.8)	(29.4)	(12.2)	(18.4)	(281.2)
Operating profit	35.6	157.1	76.8	13.4	0.7	(18.4)	265.2
Share of profit after tax of joint venture / associates	–	0.1	2.1	–	–	–	2.2

The comparative primary segmental analysis for the year to 31 March 2008 has been modified to reflect more appropriately the allocation of assets to segments and to be consistent with the current period's segmentation.

NOTES TO THE FINANCIAL INFORMATION

4. Amortisation of purchased intangible assets and exceptional items

	Notes	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m	Year ended 31 March 2008 £m
Amortisation of purchased intangible assets	9	**(23.4)**	–	(21.5)
Integration costs		**(3.4)**	–	(2.3)
Total affecting operating profit		**(26.8)**	–	(23.8)
Exceptional finance costs:				
Bond adjustment to reflect changes in valuation of cash flows		**0.4**	(4.0)	(7.7)
Loss on cash flow hedge recycled to income statement		**(6.8)**	–	–
Total affecting profit before tax		**(33.2)**	(4.0)	(31.5)
Tax effect on items affecting profit before tax and tax exceptional items				
Tax effect on items affecting profit before tax		**2.9**	1.2	2.9
Deferred tax liability on amortisation		**4.0**	–	3.7
Credit to taxation in respect of change of Italian tax rate	6	**–**	–	19.7
Total tax effect on items affecting profit before tax and tax exceptional items		**6.9**	1.2	26.3
Total charge to income statement		**(26.3)**	(2.8)	(5.2)

Integration costs relate to the integration of the businesses of the London Stock Exchange and Borsa Italiana, and include costs of integrating trading systems and websites as well as staff related costs. The change of Italian tax rate on 1 January 2008 reduced the value of deferred tax liabilities acquired, resulting in a credit to the taxation account.

5. Net finance costs

	Notes	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m (restated)	Year ended 31 March 2008 £m (restated)
Finance income				
Bank deposit and other interest		**6.2**	2.2	6.3
Expected return on defined benefit pension scheme assets	10	**6.6**	6.2	12.3
Investment Income		**0.3**	0.2	0.2
		13.1	8.6	18.8
Finance costs				
Interest payable on bank and other borrowings		**(23.7)**	(13.9)	(34.5)
Other finance costs		**(2.4)**	(1.5)	(3.1)
Interest on discounted provision for leasehold properties	16	**(0.6)**	(0.7)	(1.3)
Defined benefit pension scheme interest cost	10	**(7.2)**	(6.3)	(12.6)
		(33.9)	(22.4)	(51.5)
Exceptional finance costs:				
Bond adjustment to reflect changes in valuation of cash flows		**0.4**	(4.0)	(7.7)
Loss on cash flow hedge recycled to income statement		**(6.8)**	–	–
Total finance costs		**(40.3)**	(26.4)	(59.2)
Net finance costs		**(27.2)**	(17.8)	(40.4)

The Company put in place a gilt lock interest rate contract with a nominal value of £100m to mitigate interest rate movements on a highly probable forecast bond issue. The relationship qualified for hedge accounting at 30 September 2007 and 31 March 2008. Following events causing market turmoil in September 2008, it was no longer probable that the previously forecast bond issue would occur. Accordingly the hedge relationship ended, and the accumulated mark to market loss on the gilt lock contract previously charged to reserves has been recycled to the income statement as an exceptional finance cost.

6. Taxation

Taxation charged to the income statement	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m (restated)	Year ended 31 March 2008 £m (restated)
Current tax:			
Corporation tax for the period at 28% (prior periods: 30%)	**25.0**	30.0	55.8
Overseas tax for the period	**21.0**	–	22.7
Adjustments in respect of previous years	**(0.1)**	(0.4)	(1.7)
	45.9	29.6	76.8
Deferred tax:			
Deferred tax for the period	**0.8**	(0.4)	2.3
Adjustments in respect of previous years	**0.6**	–	0.5
Exceptional credit in respect of Italian tax rate change	**–**	–	(19.7)
Deferred tax liability on amortisation	**(4.0)**	–	(3.7)
Foreign exchange differences	**–**	–	(2.2)
Taxation charge	**43.3**	29.2	54.0

Taxation on items charged/(credited) to equity	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m	Year ended 31 March 2008 £m
Current tax credit/(charge):			
Tax allowance on share options/awards in excess of expense recognised	**1.2**	(2.3)	(5.7)
Deferred tax (credit)/charge:			
Defined benefit pension scheme actuarial (loss)/gain	**(3.5)**	2.7	6.3
Tax allowance on share options/awards in excess of expense recognised	**2.0**	(0.5)	3.1
Change in UK tax rate	**–**	–	0.2

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 28% (prior periods: 30%) as explained below:

	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m (restated)	Year ended 31 March 2008 £m (restated)
Profit before taxation	**127.0**	97.8	227.0
Profit multiplied by standard rate of corporation tax in the UK of 28% (prior periods: 30%)	**35.6**	29.3	68.2
Expenses not deductible/income not taxable	**5.5**	0.6	8.9
Share of joint venture consolidated at profit after tax	**(0.3)**	(0.3)	(1.0)
Exceptional credit to deferred tax in respect of Italian tax rate change	**–**	–	(19.7)
Overseas earnings taxed at higher rate	**2.4**	–	3.5
Adjustments in respect of previous years	**0.5**	(0.4)	(1.2)
Other	**(0.4)**	–	(4.7)
Taxation charge	**43.3**	29.2	54.0

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

NOTES TO THE FINANCIAL INFORMATION

7. Earnings per share

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

	Six months ended 30 September		Year ended 31 March
	2008	2007 (restated)	2008 (restated)
Basic earnings per share	**30.3p**	34.3p	70.8p
Diluted earnings per share	**30.0p**	33.7p	69.7p
Adjusted basic earnings per share	**39.3p**	35.7p	73.1p
Adjusted diluted earnings per share	**38.9p**	35.1p	71.9p
	£m	£m (restated)	£m (restated)
Profit for the financial period attributable to equity holders	**81.7**	68.5	168.3
Adjustments:			
Amortisation of purchased intangible assets	**23.4**	–	21.5
Exceptional items: integration costs	**3.4**	–	2.3
Exceptional finance cost: Bond adjustment	**(0.4)**	4.0	7.7
Exceptional finance cost: Loss on cash flow hedge	**6.8**	–	–
Tax effect of amortisation and exceptional items and tax exceptional items	**(6.9)**	(1.2)	(26.3)
Exceptional items, amortisation and taxation attributable to minority shareholders	**(1.9)**	–	0.3
Adjusted profit for the financial period attributable to equity holders	**106.1**	71.3	173.8
Weighted average number of shares – million	**269.9**	199.5	237.8
Effect of dilutive share options and awards – million	**2.6**	3.9	3.8
Diluted weighted average number of shares – million	**272.5**	203.4	241.6

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

8. Dividends

	Six months ended 30 September		Year ended 31 March
	2008 £m	2007 £m	2008 £m
Final dividend for 2007 paid August 2007: 12.0p per Ordinary share	**–**	23.8	23.8
Interim dividend for 2008 paid January 2008: 8.0p (2007: 6.0p) per Ordinary share	**–**	–	22.2
Final dividend for 2008 paid August 2008: 16.0p per Ordinary share	**42.9**	–	–
Total dividends	**42.9**	23.8	46.0

An interim dividend relating to the six months ended 30 September 2008 of 8.4p, amounting to an estimated £22.4m, is proposed. This interim dividend, which is due to be paid in January 2009, is not reflected in this financial information. The right to non–cumulative preference dividends on the remaining redeemable Class B shares is set out in note 14.

9. Intangible assets

Group	Goodwill £m	Software £m	Purchased intangibles £m	Total £m
Cost:				
1 April 2007	32.2	111.3	–	143.5
Additions	–	7.4	–	7.4
30 September 2007	32.2	118.7	–	150.9
Additions	–	12.5	–	12.5
Acquisition of subsidiaries	917.3	5.6	635.2	1,558.1
Exchange differences	132.7	0.8	93.1	226.6
31 March 2008	1,082.2	137.6	728.3	1,948.1
Additions	–	19.1	–	19.1
Exchange differences	(11.4)	–	(9.2)	(20.6)
30 September 2008	1,070.8	156.7	719.1	1,946.6
Amortisation and accumulated impairment:				
1 April 2007	21.1	66.6	–	87.7
Charge for the period	–	5.4	–	5.4
30 September 2007	21.1	72.0	–	93.1
Charge for the period	–	8.6	21.5	30.1
Exchange differences	–	–	3.0	3.0
31 March 2008	21.1	80.6	24.5	126.2
Charge for the period	–	9.2	23.4	32.6
Exchange differences	–	–	(1.4)	(1.4)
30 September 2008	21.1	89.8	46.5	157.4
Net book values:				
30 September 2008	**1,049.7**	**66.9**	**672.6**	**1,789.2**
31 March 2008	1,061.1	57.0	703.8	1,821.9
30 September 2007	11.1	46.7	–	57.8

On 1 October 2007, the Group acquired 99.92% of Borsa Italiana, the company responsible for the organisation and management of the securities market in Italy. The total consideration of £1,321.5m, including £13.8m costs, was financed by the issue of 79.4m shares in the Group with a total market value of £1,307.7m on the date of acquisition, together with £13.8m costs paid in cash. A further 0.04% of Borsa Italiana was acquired prior to 31 March 2008.

As at 31 March 2008, the fair values of net assets purchased were based on provisional assessments pending final determination of certain assets and liabilities. These assessments have now been finalised, with no adjustments to the provisional values disclosed in the financial statements for the year ended 31 March 2008.

NOTES TO THE FINANCIAL INFORMATION

10. 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. The 'Other plans' referred to below relate to the severance and leaving indemnity scheme (TFR) operated by Borsa Italiana Group in accordance with Italian law. Until 30 June 2007, the amounts deducted from employees' pay were held by Borsa Italiana Group until the employee left.

	Six months ended 30 September		Year ended 31 March
Defined benefit assets/(obligations) for UK pension scheme	**2008 £m**	**2007 £m**	**2008 £m**
Fair value of assets	**227.8**	225.5	232.9
Present value of funded obligations	**(225.2)**	(229.0)	(221.1)
Balance sheet asset/(liability)	**2.6**	(3.5)	11.8

Movement in defined benefit net asset/(liability) during the period (UK Pension)

	Six months ended 30 September		Year ended 31 March
	2008 £m	**2007 £m**	**2008 £m**
At beginning of period	**11.8**	(15.0)	(15.0)
Current service cost	**(0.4)**	(0.6)	(1.1)
Net finance cost	**(0.6)**	(0.1)	(0.3)
Contributions paid	**3.3**	3.1	6.4
Actuarial (loss)/gain	**(11.5)**	9.1	21.8
At end of period	**2.6**	(3.5)	11.8

Movement in defined benefit liability during the period (Other plans)

	Six months ended 30 September		Year ended 31 March
	2008 £m	**2007 £m**	**2008 £m**
At beginning of period	**7.6**	–	–
Acquisitions of subsidiaries	**–**	–	7.1
Reclassification to other payables	**(0.5)**	–	–
Current service cost	**0.1**	–	–
Interest cost	**0.3**	–	–
Benefits paid	**(0.4)**	–	(1.1)
Actuarial loss	**0.4**	–	0.6
Exchange differences	**(0.1)**	–	1.0
At end of period	**7.4**	–	7.6

The main actuarial assumptions are set out below:

	Six months ended 30 September 2008		Six months ended 30 September 2007		Year ended 31 March 2008	
	UK Pension	**Other plans**	**UK Pension**	**Other plans**	**UK Pension**	**Other plans**
Inflation assumption	**3.6%**	**2.5%**	3.2%	–	3.6%	2.5%
Rate of increase in salaries	**5.6%**	**3.3%**	5.2%	–	5.6%	3.3%
Rate of increase in pensions in payment	**3.9%**	**3.0%**	3.8%	–	3.9%	3.0%
Discount rate	**6.6%**	**6.0%**	5.8%	–	6.6%	6.0%
Expected return on assets						
– equities	**7.9%**	**–**	8.1%	–	7.9%	–
– bonds	**5.1%**	**–**	4.7%	–	5.1%	–
– property	**6.9%**	**–**	7.1%	–	6.9%	–

The mortality assumptions have not changed since 31 March 2008 and are based on the standard tables PA92 published by the Institute and Faculty of Actuaries, adjusted to take account of projected future improvements in life expectancy. For existing pensioners from age 60, life expectancy assumed at 30 September 2008 for men is 27.5 years (2007: 25.5 years) and for women 30.8 years (2007: 28.3 years). For non-retired members from age 60, life expectancy assumed at 30 September 2008 for men is 29.1 years (2007: 26.6 years) and for women 32.6 years (2007: 29.4 years).

11. Trade and other receivables

	30 September 2008 £m	30 September 2007 £m	31 March 2008 £m
Current			
Trade receivables	**63.5**	33.6	73.0
Other receivables	**2.9**	0.2	3.1
Prepayments and accrued income	**46.7**	35.9	45.0
Total trade and other receivables	**113.1**	69.7	121.1

12. Financial instruments by category

The financial instruments of the Group are categorised as follows:

	30 September 2008 £m	30 September 2007 £m	31 March 2008 £m
Assets as per balance sheet			
Financial assets of the CCP clearing business			
– CCP trading assets	**5,882.8**	–	4,782.1
– Receivables for repurchase transactions	**11,671.2**	–	10,299.3
– Other receivables from clearing members	**914.7**	–	560.7
– Financial assets held at fair value	**125.1**	–	7.1
– Cash and cash equivalents of clearing members	**2,885.0**	–	1,654.1
Financial assets of the CCP clearing business	**21,478.8**	–	17,303.3
Assets held at fair value	**22.0**	–	12.8
Total financial assets for CCP clearing	**21,500.8**	–	17,316.1
Assets held at fair value – non-CCP	**–**	–	1.0
Trade and other receivables	**113.1**	69.7	121.1
Derivative financial instruments	**0.5**	–	–
Cash and cash equivalents	**142.2**	77.5	200.6
Available for sale financial assets	**0.4**	0.4	0.4
Total	**21,757.0**	147.6	17,639.2

	30 September 2008 £m	30 September 2007 £m	31 March 2008 £m
Liabilities as per balance sheet			
Financial liabilities of the CCP clearing business			
– CCP trading liabilities	**5,882.8**	–	4,782.1
– Liabilities under repurchase transactions	**11,671.2**	–	10,299.3
– Other payables to clearing members	**3,823.6**	–	2,218.1
– Financial liabilities held at fair value	**124.0**	–	8.2
Financial liabilities of the CCP clearing business	**21,501.6**	–	17,307.7
Borrowings	**634.9**	466.8	692.1
Derivative financial instruments	**6.8**	3.5	7.9
Total	**22,143.3**	470.3	18,007.7

NOTES TO THE FINANCIAL INFORMATION

13. Trade and other payables

	30 September 2008 £m	30 September 2007 £m	31 March 2008 £m
Trade payables	**23.2**	2.1	23.3
Social security and other taxes	**8.0**	4.0	11.5
Other payables	**31.0**	6.0	35.4
Share buyback programme	**–**	–	13.0
Accruals and deferred income	**78.4**	82.1	63.0
Total trade and other payables	**140.6**	94.2	146.2

14. Borrowings

	30 September 2008 £m	30 September 2007 £m (restated)	31 March 2008 £m (restated)
Current			
Bank borrowings	**179.1**	200.7	427.2
Redeemable Class B shares	**5.5**	13.8	7.6
Other borrowings	**–**	–	1.2
	184.6	214.5	436.0
Non–current			
Bond issue	**255.8**	252.3	256.1
Bank borrowings	**194.5**	–	–
	450.3	252.3	256.1
Total borrowings	**634.9**	466.8	692.1

The Group has the following unsecured bank facilities:

Type	Expiry Date	Facility £m	Drawn at 30 September 2008 £m	Interest rate Basis points
Multi-currency revolving credit facility	9 Feb 2011	200.0	159.6	LIBOR + 40
Multi-currency revolving credit facility	24 July 2013	250.0	36.0	LIBOR + 80
Bridge facility	22 June 2009	180.0	180.0	LIBOR + 225
Capitalised bank facility arrangement fees		–	(2.0)	
		630.0	373.6	

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 addition, uncommitted credit lines of €1bn are available from major Italian banks in relation to support of the MTS markets. If these are drawn they are guaranteed by Italian Government Bonds. CC&G also has available to it €150m of committed facilities with banks, available for short term CCP related activity purposes only.

The Company has Redeemable Class B shares. Holders of B shares are entitled to a non-cumulative preference dividend based on 75% of six months 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
The £250m bond is unsecured and is due for repayment in 2016. Interest is to be paid semi-annually in arrears.

The issue price of the bond was £99.679 per £100 nominal. The coupon on the bond is dependent on the company's credit rating with Moody's. Moody's rating as at 30 September 2008 was Baa3 (positive outlook). As a result the bond coupon was 6.375% through the first half of the financial year. Changes in the credit rating led to increases in the coupon on the bond by 25 basis points in each of July 2007 and January 2008, which have been reflected in the prior period adjustment (note 2).

Post balance sheet events
In October 2008, the Group signed an additional £25m multi-currency revolving bank facility for a term of three years with an interest rate of LIBOR + 80 basis points. In November 2008, the Group signed an extension to the £180m bridge facility to 1 April 2010 with a current interest rate of LIBOR + 225 basis points, and a one-year extension to the £200m multi-currency revolving credit facility with a current interest rate of LIBOR + 125 basis points.

15. Analysis of net debt

	30 September		31 March
	2008 £m	2007 £m (restated)	2008 £m (restated)
Due within one year			
Cash and cash equivalents	**142.2**	77.5	200.6
Bank borrowings	**(179.1)**	(200.7)	(427.2)
Redeemable Class B shares	**(5.5)**	(13.8)	(7.6)
Other borrowings	**–**	–	(1.2)
Derivative financial assets	**0.5**	–	–
Derivative financial liabilities	**(6.8)**	(3.5)	(7.9)
	(48.7)	(140.5)	(243.3)
Due after one year			
Bank borrowings	**(194.5)**	–	–
Bond issue (restated)	**(255.8)**	(252.3)	(256.1)
Total net debt	**(499.0)**	(392.8)	(499.4)

Reconciliation of net cash flow to movement in net debt

	Six months ended 30 September		Year ended 31 March
	2008 £m	2007 £m (restated)	2008 £m (restated)
(Decrease)/increase in cash in the period	**(58.6)**	4.6	113.8
Bank loan repayments/(new loans)	**53.6**	(45.0)	(271.5)
B share redemptions	**2.1**	1.9	8.1
Other repayments/(loans)	**1.2**	0.5	(0.7)
Change in net debt resulting from cash flows	**(1.7)**	(38.0)	(150.3)
Foreign exchange movements	**0.2**	–	13.9
Movement on derivative financial assets and liabilities	**1.6**	(3.5)	(7.9)
Bond adjustment	**0.3**	(4.1)	(7.9)
Net debt at start of period	**(499.4)**	(347.2)	(347.2)
Net debt at end of period	**(499.0)**	(392.8)	(499.4)

NOTES TO THE FINANCIAL INFORMATION

16. Provisions

	Property £m	Other £m	Total £m
1 April 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
Utilised during the period	**(1.7)**	(1.3)	(3.0)
Exceptional charges during the period	**0.4**	0.8	1.2
Interest on discounted provision	**0.6**	–	0.6
31 March 2008	**27.0**	1.4	28.4
Utilised during the period	**(1.5)**	(0.3)	(1.8)
Released during the period	**(0.4)**	–	(0.4)
Interest on discounted provision	**0.6**	–	0.6
30 September 2008	**25.7**	1.1	26.8
Current	**3.8**	0.4	4.2
Non-current	**21.9**	0.7	22.6
	25.7	1.1	26.8

Property
The property provision represents the estimated net present value of future costs for lease rentals and dilapidation costs less the expected receipts from sub–letting space which is surplus to business requirements. The leases have between six and 20 years to expiry.

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

17. Consolidated statement of changes in equity

	Attributable to equity holders of the Company								
			Other reserves						
	Ordinary share capital £m	Retained (loss)/ earnings £m	Capital redemption reserve £m	Reverse acquisition reserve £m	Foreign exchange translation reserve £m	Merger reserve £m	Hedging reserve £m	Minority Interest £m	Total equity £m
1 April 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 the 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
At 30 September 2007 as originally stated	**13.8**	**(323.3)**	**497.9**	**(512.5)**	**–**	**–**	**(3.5)**	**2.8**	**(324.8)**
Prior period adjustment (note 2)	–	(2.8)	–	–	–	–	–	–	(2.8)
At 30 September 2007 restated	**13.8**	**(326.1)**	**497.9**	**(512.5)**	**–**	**–**	**(3.5)**	**2.8**	**(327.6)**
At 1 October 2007 as originally stated	**13.8**	**(323.3)**	**497.9**	**(512.5)**	**–**	**–**	**(3.5)**	**2.8**	**(324.8)**
Issue of shares	5.5	–	–	–	–	1,302.2	–	–	1,307.7
Equity transaction costs	–	–	–	–	–	(3.0)	–	–	(3.0)
Redemption of B shares	–	(8.1)	8.1	–	–	–	–	–	–
Total recognised income and expense for the financial period	–	110.6	–	–	201.5	–	(11.2)	15.7	316.6
Interim dividend relating to the year ended 31 March 2008	–	(22.2)	–	–	–	–	–	–	(22.2)
Share buyback	(0.2)	(58.4)	0.2	–	–	–	–	–	(58.4)
Employee share schemes and own shares	–	(24.2)	–	–	–	–	–	–	(24.2)
Acquisition of subsidiary	–	–	–	–	–	–	–	76.7	76.7
At 31 March 2008 as originally stated	**19.1**	**(325.6)**	**506.2**	**(512.5)**	**201.5**	**1,299.2**	**(14.7)**	**95.2**	**1,268.4**
Prior period adjustment (note 2)	–	(5.5)	–	–	–	–	–	–	(5.5)
At 31 March 2008 restated	**19.1**	**(331.1)**	**506.2**	**(512.5)**	**201.5**	**1,299.2**	**(14.7)**	**95.2**	**1,262.9**
Redemption of B shares	–	(2.1)	2.1	–	–	–	–	–	–
Total recognised income and expense for the financial period	–	70.1	–	–	(19.1)	–	9.3	1.3	61.6
Final dividend relating to the year ended 31 March 2008	–	(42.9)	–	–	–	–	–	(9.3)	(52.2)
Share buyback	(0.4)	(38.5)	0.4	–	–	–	–	–	(38.5)
Employee share schemes and own shares	–	(21.0)	–	–	–	–	–	–	(21.0)
Currency translation differences	–	0.9	–	–	–	–	–	0.3	1.2
30 September 2008	**18.7**	**(364.6)**	**508.7**	**(512.5)**	**182.4**	**1,299.2**	**(5.4)**	**87.5**	**1,214.0**

During the current period the Company re–purchased, and subsequently cancelled, 5.9m ordinary shares at an average price of £8.67 per share. The total consideration was £51.5m. The excess of the consideration over the nominal value, net of the irrevocable commitment of £13.0m entered into at 31 March 2008, has been charged against retained earnings.

The £5.4m hedging reserve represents the cumulative fair value adjustment recognised in respect of net investment hedges undertaken in accordance with hedge accounting principles.

NOTES TO THE FINANCIAL INFORMATION

18. Net Cash flow generated from operations

	Six months ended 30 September		Year ended 31 March
	2008 £m	2007 £m (restated)	2008 £m (restated)
Profit before taxation	**127.0**	97.8	227.0
Depreciation and amortisation	**40.0**	11.3	48.4
Net finance costs	**27.2**	17.8	40.4
Share of profit after tax of joint venture	**(1.1)**	(0.9)	(2.2)
Increase in trade and other receivables	**(11.6)**	(8.1)	(14.1)
Increase/(decrease) in trade and other payables	**5.3**	9.5	(23.1)
(Increase)/decrease in total financial assets for CCP clearing	**(4,406.0)**	–	286.3
Increase/(decrease) in CCP clearing business liabilities	**4,415.0**	–	(287.7)
Defined benefit pension obligation – contributions in excess of expenses charged	**(3.6)**	(2.6)	(1.1)
Provisions utilised during the period	**(1.8)**	(3.0)	(6.0)
Provisions released during the period	**(0.4)**	–	–
Share scheme expense	**5.1**	5.4	12.3
Cash generated from operations	**195.1**	127.2	280.2
Comprising:			
Ongoing operating activities	**198.5**	127.2	282.7
Exceptional items (note 4)	**(3.4)**	–	(2.5)
	195.1	127.2	280.2

19. Transactions with related parties

Royalties receivable from FTSE were £3.8m (2007: £3.2m) while dividends received were £2.3m (2007: £0.7m), including a special dividend of £1.5m.

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 37 of the Annual Report for the year ended 31 March 2008.

20. Commitments and Contingencies

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.

On 25 August 2008 the Group gave notice of its exercise of its option to purchase the minority shareholding of EDX London Ltd, a subsidiary in which it held 76% of the shares, and whose net assets at 31 March 2008 were £14.0m. The price of the minority shareholding is in the process of being determined.

PRINCIPAL RISKS

The Group's risk management processes which ensure that business, operational, financial and regulatory risks are effectively identified, evaluated and managed, are an integral part of its internal control framework and facilitate the achievement of the Group's business objectives.

The Group's principal risks and uncertainties and its internal control policies are consistent with those set out on pages 34 and 35 of its Annual Report for the year ended 31 March 2008.

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

Compared with recent experience, the economic climate is significantly depressed and the outlook remains uncertain, particularly as to when recovery will commence. This provides additional uncertainty within our business in a number of areas, with market conditions unattractive for new listings and a lack of clarity around how changes within financial services companies will affect trading volatility which, taken with falls in overall market values, could lead to a reduction in the value of equity trading. Reductions in headcount in the financial services industry may also impact our information services business.

The Group faces increased competition from new entrants over the coming months, particularly in equities trading. The Group is well placed to compete in this market and continues to focus on initiatives, such as the recent introduction of a new pricing structure and our commitment to competitive clearing, which will promote price transparency, reduce the overall cost of trading for market participants and encourage liquidity on to our markets.

Key services depend on technology which is stable and performs to high levels of availability and throughput. Any system failures could have an adverse effect on revenues, reputation and customer satisfaction. The Group continues to maintain alternative computer facilities to reduce the likelihood of system disruptions and employs rigorous software design and testing methodologies to minimise risk.

The Group has considered the risk of failure of one or more of LSEG's lending banks or deposit counterparties and remains extremely vigilant in spite of recent global government support actions. The Group is also taking a prudent approach to headroom planning.

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 EU, and that the interim management report herein includes a fair review of the information required by the Financial Services Authority's Disclosure & Transparency Rules 4.2.7 and 4.2.8.

The directors of London Stock Exchange Group plc are listed in the Annual Report for 31 March 2008. Doug Webb, Chief Financial Officer, was appointed to the Board on 2 June 2008. 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 2008, which comprises the consolidated income statement, consolidated statement of recognised income and expense, consolidated balance sheet, consolidated 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 purpose. 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 2008 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
13 November 2008
London

FINANCIAL CALENDAR

Ex-dividend date for interim dividend	3 December 2008
Interim dividend record date	5 December 2008
Interim dividend payment date	5 January 2009
Q3 Interim Management statement (revenues only)	end January 2009
Financial year end	31 March 2009
Preliminary results	May 2009
Annual General Meeting	July 2009

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

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