15 MAY 2003

LONDON STOCK EXCHANGE PLC

**ANNOUNCEMENT OF PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 MARCH 2003**

Highlights:

- Turnover up 10 per cent to £237.3 million
- Operating profit before exceptional items and goodwill amortisation up 16 per cent to £81.7 million
- Earnings per share up six per cent to 18.1 pence
- Adjusted earnings per share up 14 per cent to 20.9 pence
- Final dividend 3.0 pence per share bringing the total dividend for the year to 4.3 pence per share, up 19 per cent

Commenting on the results, Don Cruickshank, Chairman of the Exchange, said:

“Despite difficult market conditions, the Exchange delivered a creditable financial performance during the year, whilst strengthening its market position and diversifying its business. At the same time, we continued to lead industry change by encouraging more competitive markets in the UK and Europe. The Directors have recommended a 19 per cent increase in the total dividend for the year, reflecting our commitment to maximising shareholder value and our confidence in the business.”

Clara Furse, Chief Executive, said:

“The breadth and quality of the Exchange’s products and services were key in the delivery of a strong performance across all our business areas. Despite the difficult environment we continue to invest in new markets in order to underpin longer term growth. During the year we announced a number of initiatives that will enable us to develop important new markets. These include the announcement of our new international equity derivatives business EDX London, the acquisition of software and data provider Proquote and the introduction of the covered warrants market.

“The Exchange is well placed to deliver future growth although the year ahead will be challenging.”

Further information is available from:

London Stock Exchange	John Wallace - Media	020 7797 1222
	Paul Froud - Investor Relations	020 7797 3322
	Ruth Anagnos - Investor Relations	020 7797 3322
Finsbury	James Murgatroyd	020 7251 3801
	Melanie Gerlis	020 7251 3801

Financial results

Financial performance for the year ended 31 March 2003 has been creditable despite difficult market conditions. Turnover increased 10 per cent to £237.3 million (2002: £215.6 million). Administrative expenses increased six per cent to £144.3 million (2002: £136.1 million) principally reflecting additional IT support costs relating to the Exchange's new high capacity communications network.

The increase in turnover and further improvement to operating margin to 36 per cent (2002: 34 per cent), resulted in a 16 per cent increase in operating profit before exceptional items and goodwill amortisation to £81.7 million (2002: £70.5 million). Profit before tax was £79.5 million (2002: £75.2 million).

During the period, a net exceptional loss of £11.6 million was recognised (2002: £3.6 million). This comprised a £10.4 million gain relating to the recovery of VAT offset by a £22.0 million charge to the provision for leasehold properties in respect of space to be sublet in our new headquarters at Paternoster Square.

Profit after tax including the exceptional loss increased to £52.7 million (2002: £49.9 million).

Earnings per share increased to 18.1 pence per share from 17.1 pence per share. Earnings per share adjusted for exceptional items and goodwill amortisation increased 14 per cent to 20.9 pence per share (2002: 18.3 pence per share).

For the year, operating cash flows were £74.8 million (2002: £82.4 million). At £211.0 million, cash balances at 31 March 2003 were £21.1 million higher compared to last year (2002: £189.9 million) after i) £28.1 million of capital expenditure reflecting increased investment in the business (2002: £15.8 million), ii) £11.8 million relating to the acquisition of Proquote and iii) £15.0 million additional funding contribution to the Exchange's defined benefit pension scheme.

Issuer Services

Issuer Services' turnover for the year increased 34 per cent from £26.9 million to £36.0 million, accounting for 15 per cent of total turnover. This increase was largely attributable to selective tariff changes which took effect on 1 April 2002.

The number of companies on our markets at 31 March 2003 was 2,777 (2002: 2,879). The Exchange receives an annual fee from each company on its markets and, for the year, annual fees contributed 59 per cent of Issuer Services' turnover (2002: 48 per cent).

The number of new issues on the Exchange's markets in the financial year decreased to 202 (2002: 289) reflecting continued difficult conditions in the IPO market. Nevertheless, a total of £17.9 billion of new capital was raised on the Exchange's markets during the year (2002: £28.7 billion). Moreover, the Exchange accounted for 69 per cent of the IPOs in Western Europe, demonstrating the continued relative attractiveness of the Exchange's markets (2002: 64 per cent). In particular, AIM, our market for younger enterprises, continued to attract new participants. At 31 March 2003, the number of companies on AIM had increased 10 per cent to 705 (2002: 641).

Issuer Services continued to make progress on extending the reach of the Exchange's markets attracting 18 new international companies during the year, including the first Russian share listing, LUKOIL, and our first Chilean company, Banco de Chile. Further, the Exchange announced a listing facilitation collaboration with the Hong Kong Stock Exchange and established a local presence in the Nordic region. Based in Stockholm, the office opened on 1 October 2002 and aims to accelerate the growth of the Exchange's Nordic business.

Broker Services

Turnover from Broker Services increased eight per cent to £87.3 million (2002: £81.2 million), contributing 37 per cent of total turnover. This increase was driven by the continued strong growth in the number of bargains transacted through our electronic order book, SETS.

For the year ended 31 March 2003, the total number of equity bargains increased eight per cent to 54.3 million (2002: 50.1 million), a daily average of 215,000 (2002: 200,000). Over the same period, the daily average number of equity bargains transacted on SETS grew by 58 per cent to 109,000 (2002: 69,000), a total of 27.5 million (2002: 17.4 million). SETS contributed approximately 55 per cent of Broker Services' income for the year (2002: 50 per cent).

The growth in the number of SETS bargains was offset in part by a 32 per cent fall in the average value of a SETS bargain to £25,000 (2002: £37,000) and a decline in the number of off book and international bargains reported to the Exchange. The daily average number of UK off book bargains was 51,000 (2002: 61,000), principally reflecting further migration of trades on to SETS.

The Exchange aims to align tariff structures with customers' business requirements and the value of services provided. As such, the Exchange initiated a re-alignment of its tariffs for reporting of international bargains during the year. However, due to an overall reduction in global levels of international trading reflecting difficult market conditions and a change in reporting structure by some customers, the daily average number of international bargains for the year decreased 21 per cent to 55,000 (2002: 70,000). In April 2003, the daily average number of international bargains fell to 40,000 (April 2002: 58,000). The Exchange continues to keep market conditions and its tariff structure in the changing international equities market under review.

In July 2002, working with CRESTCo and the London Clearing House (LCH), the second stage of the Central Counterparty project, Central Counterparty Netting (CCP Netting), was successfully launched. CCP Netting allows customers to net-off multiple transactions in a single security for settlement purposes, thus reducing their marginal trading costs and increasing operational efficiency. Currently over 50 per cent of all SETS trades are netted.

Broker Services undertook a number of new business initiatives during the year, including:

- Covered warrants – launched in October, is a new market principally aimed at private investors. There are currently 388 warrants traded on our markets through four issuers and since inception over 850 million warrants have been traded. For the year, revenue contribution from covered warrants has been marginal however, given difficult market conditions, the Exchange believes this is an encouraging start;

- Retail Services Provider (RSP) Gateway – providing a single connection point for retail brokers to access the widest possible number of execution options was introduced in July 2002. To date, the service has performed well with brokers able to access five RSPs offering prices in equities and bonds, with covered warrants to be available shortly; and

- EDX London – a joint venture with OM AB, is our new international equity derivatives business. Announced in December, EDX London's initial focus will be on the development, in conjunction with LCH, of an over-the-counter (OTC) UK equity derivatives trade confirmation and clearing service for wholesale market participants. Aimed at reducing the cost and risk of conducting OTC derivatives business for market participants, EDX London will offer a facility not currently available in London. Subject to regulatory approval, the Exchange anticipates EDX London will begin trading by mid-2003.

The Exchange continues to develop a number of other projects including SETSmm, a new trading service for mid-cap securities. Designed to be a hybrid market, SETSmm will offer order book participants the benefits of the electronic order book combined with committed market making trading for FTSE 250 securities. The Exchange is currently in consultation with market participants regarding the functionality of this new service and anticipates launch by the end of this calendar year.

Information Services

Information Services' turnover was up eight per cent to £102.2 million from £94.9 million. This division generated 43 per cent of total turnover.

At 31 March 2003, the total number of terminals receiving Exchange data on a real-time basis was 94,000 (2002: 105,000). Approximately 88,000 terminals (2002: 96,000) were attributable to professional users. The decline in terminals was offset by demand for the Exchange's other information products including RNS, the company news distributor from the London Stock Exchange, and FTSE, the Exchange's joint venture with Pearson Group, owner of the Financial Times.

RNS contributed £6.8 million to turnover following the start of commercial operations in April 2002 (2002: £2.1 million). RNS has retained a significant share of the highly competitive regulatory news distribution market, with over 90 companies in the FTSE 100 using RNS to release regulatory announcements.

The Exchange also benefited from its share of the FTSE joint venture which contributed £11.4 million in turnover, an increase of 27 per cent over last year (2002: £9.0 million). The growth in FTSE turnover is attributable to an increase in sales of its All-World indices.

In February 2003, the Exchange acquired Proquote, a growing business supplying competitively priced, financial market software and real-time price data. Proquote made a marginal contribution to Information Services' turnover for the year and with over 1,000 screens and over 80 corporate customers, Proquote is making good progress.

During the year, Information Services developed other new business initiatives to further diversify its range of products and services. These initiatives build on existing data assets to help meet the specific needs of market users and include:

- Corporate Data Warehouse – an extensive database exploiting our existing range of market data to increase the range and depth of information available to market participants. The Corporate Data Warehouse will provide a central source for data thus reducing costs for users; and

- SEDOL – extension of Exchange's securities identifier targeted at reducing the cost of failed cross-border trades. Aiming to provide global securities identifier benchmark, SEDOL is expected to be launched in the beginning of 2004 (calendar year).

Together with EDX London and Proquote, the Exchange expects the above initiatives to be overall broadly earnings neutral before goodwill amortisation for the year ending 31 March 2004.

Exceptional items

During the year, a net exceptional loss of £11.6 million was recognised. This reflects an exceptional VAT credit of £10.4 million offset by a £22.0 million exceptional property charge.

VAT credit

Following successful negotiations with Customs and Excise, the Exchange secured the recovery of £10.4 million of VAT paid on certain expenditure between 1990 and 2001.

Property provision

London's commercial property market conditions have deteriorated in recent months with an increase in available office accommodation and a reported decline in rental values. In view of this, the level of provision in respect of the excess of rents payable over rents receivable for space to be sublet in our new headquarters at Paternoster Square has been assessed at £22.0 million and charged as an exceptional item.

Final dividend

The Directors propose a final dividend of 3.0 pence per share to those shareholders on the register on 25 July 2003, for payment on 18 August 2003. Combined with the interim dividend of 1.3 pence per share paid in January, this takes the total dividend for the year to 4.3 pence per share (2002: 3.6 pence per share), an increase of 19 per cent.

Pensions

The Exchange continues to account for pension costs in accordance with SSAP 24, Accounting for Pension Costs. The valuation of the pension plan at 31 March 2003, based on the requirements of accounting standard FRS 17 on Retirement Benefits shows a post-tax deficit of £19.6 million (2002: £13.2 million). The effect of FRS 17 is shown in Note 10.

The Exchange reviewed the funding position of the defined benefit pension scheme and made an additional contribution of £15.0 million during the year as an accelerated funding payment. The level of contributions for future years will be determined following the full actuarial valuation, which will be carried out as at 31 March 2003.

Listing Rule 15.3

The Exchange will table a resolution at the 2003 Annual General Meeting (AGM) seeking general authority from shareholders to purchase up to 30,000,000 ordinary shares on market, representing approximately 10 per cent of the Exchange's issued capital. The Exchange intends to renew this authority annually if approved by shareholders.

The Exchange has no current intention of utilising the buy-back authority if granted and remains committed to maintaining a strong balance sheet. However, like most companies, the Exchange considers it desirable to have the flexibility conferred by this authority.

Board of Directors

Following Don Cruickshank's decision not to seek to extend his term beyond the next AGM, the Board of Directors appointed Chris Gibson-Smith as its next Chairman. Chris Gibson-Smith joined the Exchange's Board on 1 May 2003 and will succeed Don Cruickshank when his term of office concludes at the end of the Exchange's AGM on 16 July 2003.

Current trading and prospects

Since 31 March 2003, trading conditions have been similar to those experienced in the second half of the 2003 financial year. In particular:

- Issuer Services' turnover continues to be impacted by weak IPO markets;

- SETS trading volumes have remained strong, however the number of international bargains reported to the Exchange remains in decline; and

- professional terminal numbers remain under pressure.

Although the Exchange does not foresee any improvement in market conditions in the immediate term it continues to invest in several initiatives that focus on expanding the business. The benefits from these new projects are expected to begin in 2004. As such, the Directors remain confident about the Exchange's future.

Further information

The Exchange will host a presentation of its Preliminary Results for analysts and institutional shareholders today at 9:30am at the Exchange Tower. The presentation will be accessible via live web cast which can be viewed at www.londonstockexchange-ir.com. For further information, please call the Exchange's Investor Relations department at 020 7797 3322.

The Exchange will also host a presentation of its Preliminary Results for members of the press today at 11:00am at the Exchange Tower. For further information, please call the Exchange's Press Office at 020 7797 1222.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 March 2003

		Notes	2003 £m	2002 £m
Continuing operations				
Turnover				
Group and share of joint venture			**237.3**	215.6
Less: share of joint venture's turnover			**(11.4)**	(9.0)
Net turnover		1	**225.9**	206.6
Administrative expenses	- Operating costs		**(144.3)**	(136.1)
	- Exceptional items	2	**(11.6)**	(3.6)
			(155.9)	(139.7)
Operating profit	- Before exceptional items and goodwill amortisation		**81.7**	70.5
	- Before exceptional items		**81.6**	70.5
	- After exceptional items		**70.0**	66.9
Share of operating profit of joint venture and income from other fixed asset investments			**1.1**	1.0
Net interest receivable		3	**8.4**	7.3
Profit on ordinary activities before taxation			**79.5**	75.2
Taxation on profit on ordinary activities		4	**(26.8)**	(25.3)
Profit for the financial year			**52.7**	49.9
Dividends			**(12.5)**	(10.6)
Retained profit for the financial year			**40.2**	39.3
Earnings per share		5	**18.1p**	17.1p
Diluted earnings per share		5	**17.9p**	17.0p
Adjusted earnings per share		5	**20.9p**	18.3p
Dividend per share			**4.3p**	3.6p

There were no other recognised gains and losses during the two years ended 31 March 2003.

BALANCE SHEET
31 March 2003

	Notes	Group 2003 £m	Group 2002 £m
Fixed assets			
Intangible assets - goodwill	11	**14.1**	-
Tangible assets		**126.3**	115.4
		140.4	115.4
Investments			
Investments in joint venture:			
Share of gross assets		**9.9**	8.6
Share of gross liabilities		**(8.4)**	(7.1)
		1.5	1.5
Other investments	6	**10.1**	12.1
		11.6	13.6
		152.0	129.0
Current assets			
Debtors		**64.3**	46.8
Investments - term deposits		**207.0**	186.0
Cash at bank		**4.0**	3.9
		275.3	236.7
Creditors - amounts falling due within one year		**64.0**	62.7
Net current assets		**211.3**	174.0
Total assets less current liabilities		**363.3**	303.0
Provisions for liabilities and charges	7	**41.6**	21.7
Net assets		**321.7**	281.3
Capital and reserves			
Called up share capital		**14.9**	14.9
Reserves			
Revaluation reserve		**44.0**	45.8
Profit and loss account		**262.6**	220.6
Equity shareholders' funds		**321.5**	281.3
Equity minority interest		**0.2**	-
Total shareholders' funds		**321.7**	281.3

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2003

	Notes	**2003 £m**	2002 £m
Net cash inflow/(outflow) from continuing operations:			
- Ongoing operating activities	9(i)	**74.8**	82.4
- Exceptional items	9(i)	**10.4**	(3.8)
Net cash inflow from operating activities		**85.2**	78.6
Dividends from joint venture		**1.2**	0.1
Returns on investments and servicing of finance			
Interest received		**9.5**	8.8
Dividends received		**-**	0.1
Net cash inflow from returns on investments and servicing of finance		**9.5**	8.9
Taxation			
Corporation tax paid		**(25.2)**	(15.8)
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets		**(28.1)**	(15.8)
Payments to acquire own shares		**-**	(5.0)
Receipts from sale of fixed asset investments		**0.7**	0.7
Net cash outflow from capital expenditure and financial investments		**(27.4)**	(20.1)
Acquisitions			
Acquisition of subsidiary undertaking		**(11.8)**	-
Net cash acquired with subsidiary undertaking		**0.5**	-
Net cash outflow for acquisition		**(11.3)**	-
Dividends paid		**(11.1)**	(9.7)
Net cash inflow before use of liquid resources and financing		**20.9**	42.0
Management of liquid resources			
Increase in term deposits		**(21.0)**	(43.0)
Financing			
Issue of ordinary share capital to minority interest		**0.2**	-
Increase/(decrease) in cash in the year		**0.1**	(1.0)

NOTES TO THE FINANCIAL STATEMENTS

1. Turnover

	2003 £m	2002 £m
Continuing operations		
Issuer Services	**36.0**	26.9
Broker Services	**87.3**	81.2
Information Services	**102.2**	94.9
Other income	**11.8**	12.6
Gross turnover	**237.3**	215.6
Less: share of joint venture's turnover	**(11.4)**	(9.0)
Net turnover	**225.9**	206.6

For the purposes of Segmental Reporting, the directors consider that the Company has one class of business with the three principal revenue streams noted above derived from that business, with principal operations being in the United Kingdom.

2. Exceptional items

	2003 £m	2002 £m
VAT repayment	**10.4**	-
Provision in respect of leasehold properties	**(22.0)**	-
Fees in respect of the Company's introduction to the Official List	**-**	(3.6)
	(11.6)	(3.6)
Taxation effect	**3.5**	-

The VAT repayment represents a recovery of VAT paid between 1990 and 2001. Following successful negotiation with Customs and Excise, a retrospective change in the method for calculating VAT recoverable on expenditure has been agreed, resulting in this repayment.

The increase in provision for leasehold properties is in respect of space to be sublet in new headquarters at Paternoster Square.

NOTES TO THE FINANCIAL STATEMENTS

3. Net interest receivable

	2003	2002
	£m	£m
Interest receivable		
Bank deposit and other interest	**9.3**	8.5
Interest payable		
Interest on discounted provision for leasehold properties (see note 7)	**(0.9)**	(1.2)
Net interest receivable	**8.4**	7.3

4. Taxation

	2003	2002
	£m	£m
Current tax:		
Corporation tax for the year at 30% (2002: 30%)	**23.9**	25.2
Adjustments in respect of previous years	**-**	(3.1)
	23.9	22.1
Deferred taxation	**2.5**	2.8
Joint venture	**0.4**	0.4
Taxation charge	**26.8**	25.3

The adjustments for previous years are mainly in respect of timing differences and reflect revised assumptions for the allowance of certain expenses.

NOTES TO THE FINANCIAL STATEMENTS

4. Taxation (continued)

Factors affecting the tax charge for the year

The current tax assessed for the year is the same as the standard rate of corporation tax in the UK of 30% (2002: 30%). The variances are explained below:

	2003	2002
	£m	£m
Profit on ordinary activities before tax	**79.5**	75.2
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	**23.9**	22.6
Expenses disallowed for the purpose of tax provision (primarily professional fees and depreciation on expenditure not subject to capital allowances)	**2.6**	2.5
Accounting deduction (less)/greater than capital allowances - timing differences	**(2.6)**	0.1
Adjustments to tax charge in respect of previous periods	**-**	(3.1)
Corporation tax charge	**23.9**	22.1

Factors that may affect future tax charges

The disposal of properties at their revalued amount would not give rise to a tax liability.

5. Earnings per share

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

	2003	2002
Earnings per share	**18.1p**	17.1p
Diluted earnings per share	**17.9p**	17.0p
Adjusted earnings per share	**20.9p**	18.3p

	£m	£m
Profit for the financial year	**52.7**	49.9
Adjustments:		
Exceptional items	**11.6**	3.6
Amortisation of goodwill	**0.1**	-
Tax effect of exceptional items and amortisation of goodwill	**(3.5)**	-
Adjusted profit for the financial year	**60.9**	53.5

5. Earnings per share (continued)	2003	2002
Weighted average number of shares - million	**291.9**	291.8
Effect of dilutive share options and awards - million	**3.0**	2.1
Diluted weighted average number of shares - million	**294.9**	293.9

The weighted average number of shares excludes those held in the ESOP, reducing the weighted average number of shares to 291.9 million (2002: 291.8 million).

6. Fixed asset investments

Shares held in the Company are in a separately administered trust for the purposes of the ESOP. The difference between the purchase price of shares and the exercise price of awards/grants is charged to the profit and loss account over the period of service for which the awards and options are granted.

7. Provisions for liabilities and charges

	Pensions £m	Property £m	Deferred consideration £m	Total £m
1 April 2002	0.9	20.8	-	21.7
Utilised during the year	(0.2)	(5.7)	-	(5.9)
Interest on discounted provision	-	0.9	-	0.9
Increase in provision	-	22.0	-	22.0
Transfer to debtors	(0.7)	-	-	(0.7)
Deferred consideration	-	-	3.6	3.6
31 March 2003	**-**	**38.0**	**3.6**	**41.6**

Pensions

The pensions provision represents a pension surplus which first arose in 1990 and is being released to the profit and loss account over the expected remaining service lives of scheme members, transferred to debtors at 31 March 2003 offset against prepaid pension contributions.

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 11 and 25 years to expiry. The increase in provision is in respect of space to be sublet in new headquarters at Paternoster Square.

Deferred consideration

Deferred consideration relates to amounts payable to former shareholders of Proquote Ltd, contingent upon Proquote Ltd achieving certain revenue targets. The total deferred consideration has been estimated at £3.6m and can be up to a maximum of £11.0m.

NOTES TO THE FINANCIAL STATEMENTS

8. Reconciliation of movements in shareholders' funds

	2003 £m	2002 £m
Profit for the financial year	**52.7**	49.9
Dividends	**(12.5)**	(10.6)
Net addition to shareholders' funds	**40.2**	39.3
Opening equity shareholders' funds	**281.3**	242.0
Closing equity shareholders' funds	**321.5**	281.3

9. Notes to the consolidated cash flow statement

	2003 £m	2002 £m
i) Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	**70.0**	66.9
Depreciation of tangible assets	**19.0**	17.5
Amortisation of goodwill	**0.1**	-
Increase in debtors	**(19.2)**	(0.7)
Decrease in creditors	**(1.6)**	(3.3)
Increase in property provision	**22.0**	-
Provisions utilised during the year	**(5.9)**	(2.6)
Amortisation of own shares	**0.8**	0.8
Net cash inflow from operating activities	**85.2**	78.6
Comprising:		
Ongoing operating activities	**74.8**	82.4
Exceptional items (see note 2)	**10.4**	(3.8)
Net cash inflow	**85.2**	78.6

9. Notes to the consolidated cash flow statement (continued)

	At 1 April 2002 £m	Cash flows £m	At 31 March 2003 £m
ii) Analysis of changes in net funds			
Cash in hand and at bank	3.9	0.1	**4.0**
Current asset investments	186.0	21.0	**207.0**
Total net funds	189.9	21.1	**211.0**

10. Pension costs

The Company operates one pension plan which includes separate defined benefit and defined contribution schemes. The assets of the defined benefit and defined contribution schemes are held separately from those of the Company and the funds are managed by Schroder Investment Management Limited and Legal & General Investment Management Limited respectively.

In addition to the normal contributions to the defined benefit scheme, the Company made an additional contribution of £15.0m during the year. This has therefore been treated as a prepayment in the accounts at 31 March 2003 and will be charged to the profit and loss account in future years over the expected remaining service lives of scheme members. The level of contributions for future years will be determined following the full actuarial valuation, which will be carried out as at 31 March 2003.

The Company continues to account for pension costs in accordance with SSAP 24 - Accounting for Pension Costs. The following information is provided under the disclosure requirements of FRS 17 - Retirement Benefits. The Accounting Standards Board has deferred the full adoption of FRS 17 until implementation of International Accounting Standards in 2005.

The fair value of the assets and net position in the defined benefit scheme, with the assumed expected rates of return at 31 March 2003 and 2002, are as follows:

	31 March 2003 £m	Long term expected rate of return	31 March 2002 £m	Long term expected rate of return
Equities	**35.9**	8.00%	40.8	7.75%
Bonds	**123.1**	4.82%	107.3	5.57%
Total market value of assets	**159.0**		148.1	
Present value of liabilities	**187.0**		167.0	
Deficit in the plan	**(28.0)**		(18.9)	
Related deferred tax asset	**8.4**		5.7	
Net pension liability	**(19.6)**		(13.2)	

10. Pension costs (continued)

If the above amounts had been recognised in the financial statements, the Group's net assets and profit and loss reserve at 31 March 2003 would have been reduced by £29.6m (2002: £12.6m) being the deficit of the pension scheme based on assumptions at that date of £19.6m plus the prepaid pension contribution (£15.0m) less the existing pension provision (£0.7m) and related deferred tax adjustments. The plan's assets are invested approximately 23 per cent in equities and 77 per cent in bonds at 31 March 2003 and the trustees of the plan intend to move gradually to 100 per cent investment in bonds over the longer term.

Under SSAP 24, the charge to the profit and loss relating to the defined benefit scheme was £0.8m. Under FRS 17, the profit and loss charge comprising service and finance costs would be £2.9m.

11. Acquisitions

On 17 February 2003 the Company acquired Proquote Ltd, a distributor of market data. The estimated consideration, including expenses and deferred consideration of £3.6m, is £15.4m. The book value of assets and liabilities at the date of acquisition are set out below; no fair value adjustments were required.

	Fair value at acquisition £m
Book value at date of acquisition:	
Fixed Assets	**-**
Debtors, including deferred tax	**1.5**
Cash	**0.5**
Creditors	**(0.8)**
Net Assets	**1.2**
Purchase consideration	**15.4**
Goodwill arising	**14.2**
Purchase consideration satisfied by:	
Cash	**11.0**
Deferred consideration (see note 7)	**3.6**
Costs of acquisition	**0.8**
Total	**15.4**

For the year ended 31 May 2002, Proquote Ltd reported an audited post-tax loss of £1.5m. For the period ended 17 February 2003, the unaudited post-tax profit was £0.3m after recognising £1.2m deferred tax credit. In the post acquisition period to 31 March 2003, turnover for Proquote Ltd was £0.4m and operating loss was £0.4m.

Goodwill arising on the acquisition of subsidiaries is being amortised on a straight line basis over 20 years from date of acquisition, with a charge of £0.1m for the post acquisition period.

12. Abridged accounts

These abridged accounts do not constitute, but have been extracted from, the Company's statutory financial statements. The statutory financial statements, which include an unqualified audit report, will be delivered to the Registrar of Companies in due course.