13 May 2011

LONDON STOCK EXCHANGE GROUP PLC

ANNOUNCEMENT OF PRELIMINARY RESULTS OF LONDON STOCK EXCHANGE GROUP PLC FOR THE YEAR ENDED 31 MARCH 2011

Highlights

- Good growth in total income – up 7 per cent to £674.9 million (2010: £628.3 million);

- Adjusted operating profit[1] increased 22 per cent to £341.1 million (2010: £280.3 million); statutory operating profit increased 55 per cent to £283.0 million (2010: £182.3 million) and profit before tax rose 65 per cent to £238.2 million (2010: £144.3 million)

- Adjusted basic earnings per share[1] up 23 per cent to 73.7 pence (2010: 60.1 pence); basic earnings per share up 67 per cent to 56.4 pence (2010: 33.8 pence)

- Proposed final dividend up 12.5 per cent to 18.0 pence per share; total dividend for the year increased 9.8 per cent to 26.8 pence per share

- Good growth in number of new issues, up 68 per cent to 185, with a more than trebling of money raised to £13.1 billion (2010: £3.9 billion)

- Millennium Exchange, the Group's new high performance trading system, successfully rolled out to Turquoise and the UK equities markets – delivering world leading consistent performance, 10 times faster than previous system

- Turquoise Derivatives pan-European equity derivatives trading service launched in the spring, following integration with the Group's London-based EDX derivatives exchange; FTSE 100 Index Futures to begin trading in June 2011

- Announced recommended merger with Canada's TMX Group, with work ongoing to secure necessary approvals

[1] before amortisation of purchased intangibles and non-recurring items

Chris Gibson-Smith, Chairman of London Stock Exchange Group, said:

"We have achieved much in the past year and the actions we have taken to ensure the Group remains efficient, competitive and focused on developing growth opportunities mean we are in a strong position.

"We aim to develop the Group further, with increasing international scale, together with extended reach and scope, to provide competitive services to global customers. This approach underpins the rationale for our proposed merger with TMX Group, announced in February."

Commenting on the year, Xavier Rolet, Chief Executive, said:

"We have made good progress. The 22 per cent increase in adjusted operating profit underlines our improved financial performance and we have taken significant steps in delivering on our growth strategy.

"We continue to operate in a highly dynamic and evolving global industry. Enhancing our competitiveness and improving customer service remain key priorities. We are also fully focused on pursuing a range of growth opportunities which will remain pivotal to further progress in the year ahead."

Other Financial and Operational Headlines:

- Operating expenses (before amortisation of purchased intangibles and non-recurring items) down 4 per cent to £336.9 million; reduced by 8 per cent on an organic[2], constant currency basis

- Adjusted earnings per share also benefits from a lower group effective tax rate than forecast at the half year, reflecting the impact of the respective tax rates in the UK and Sri Lanka on the licence to use the Millennium Exchange platform in the UK. With announced reduction in UK corporate tax rates, the underlying Group effective rate is expected to fall marginally next year

- Net cash flow from operations increased strongly to £381.8 million (2010: £301.2 million) with free cash flow per share of 80.4 pence (2010: 65.6 pence); gearing further reduced, to 1.0x net debt:EBITDA (2010: 1.5x)

- UK average daily equity value traded increased two per cent to £4.7 billion, and share of total order book trading remained stable through the year, averaging 63.5 per cent; Italian average daily equity volumes grew two per cent to 257,000 trades and share of value traded steady at 84.0 per cent

- MTS fixed income trading performed well, with a 13 per cent rise in cash trading and a 54 per cent increase in money markets (repo); derivatives trading volumes at IDEM rose 13 per cent and the SOLA trading system was successfully rolled out in Italy in December 2010

- Total income for Post Trade Services increased 30 per cent; clearing volumes increased eight per cent; reflecting the strong growth in Italian fixed income, derivatives and equities trading. The average level of initial margin collateral held in the CC&G clearing business increased 53 per cent, combining with good risk and treasury management to deliver a three-fold increase in net treasury income

- Demand for real time data remained good, with 93,000 professional users of LSE information at year end, unchanged from the previous year; new services introduced for customers, including direct billing, separate post trade only data feeds and new tariffs for non-display data use

[2] before prior year acquisitions, one-off costs for replacement of TradElect and adjustment for estimated inflation

- Strong performance from non real time data businesses, with revenues up 27 per cent (up 13 per cent organically), reflecting growing contributions from SEDOL, UnaVista, FTSE, Proquote and a first full year contribution from Turquoise

- Technology Services revenues up 23 per cent to £48.6 million, including £18.2 million contribution from MillenniumIT

- MillenniumIT won contracts to supply financial technology systems to a number of third parties, including Johannesburg Stock Exchange and the Mongolian Stock Exchange (as part of a broader strategic partnership with the Group)

Current Trading and Outlook

In primary markets, the pipeline of companies seeking to raise capital on our markets looks encouraging. In April there were 20 new issues, including 13 on the UK Main Market, and the indications for May are also good.

Trading on MTS remained good overall in April, with cash markets average daily value traded up 7 per cent although repo was down 3 per cent on the same month last year.

Overall trading on the Group's derivatives platforms has also increased with the total number of contracts up 19 per cent year on year. UK equity order book trading declined 10 per cent in April, impacted by the holiday pattern during the month; in Italy the average daily volume traded decreased marginally, by 2 per cent, on April last year. Average value traded on Turquoise's lit book increased 28 per cent year on year, and rose 96 per cent on the dark mid-point book.

In Post Trade operations, net treasury income remained strong in April at £7 million, although the current treasury income run rate may moderate over the year.

The Group is a business in transformation, operating in a highly dynamic and evolving global industry. The development of growth opportunities, especially in the areas of Post Trade, Derivatives and Financial Technology, continued delivery on cost reductions, enhancing our competitiveness and improving customer service will remain pivotal to further progress in the year ahead.

Further information is available from:

London Stock Exchange Group plc

Victoria Brough	Media	+44 (0) 20 7797 1222
Paul Froud	Investor Relations	+44 (0) 20 7797 3322

Citigate Dewe Rogerson

Patrick Donovan/Grant Ringshaw	+44 (0) 20 7638 9571

Further information

The Group will host a presentation of its Preliminary Results for analysts and shareholders today at 09:30am at 10 Paternoster Square, London EC4M 7LS. The presentation will be accessible via live web cast, which can be viewed at www.londonstockexchange.com. For further information, please call the Group's Investor Relations team on +44 (0) 20 7797 3322.

SUMMARY FINANCIAL RESULTS

Unless otherwise stated, all figures refer to the year ended 31 March 2011.

	Year ended 31 March			Variance at constant currency
	2011	2010	Variance	currency
	£m	£m	%	%
Revenue				
Capital Markets	**281.5**	295.3	(5%)	(3%)
Post Trade Services	**99.3**	100.0	(1%)	3%
Information Services	**184.7**	169.3	9%	10%
Technology Services	**48.6**	39.4	23%	24%
Other revenue	**1.8**	1.6	13%	20%
Total revenue	**615.9**	605.6	2%	4%
Net treasury income through CCP business	**51.3**	16.2	217%	229%
Other income	**7.7**	6.5	18%	18%
Total income	**674.9**	628.3	7%	9%
Operating expenses	**(336.9)**	(349.6)	(4%)	(2%)
Share of profit of JVs and associates	**3.1**	1.6		
Acquisition amortisation and non-recurring items	**(58.1)**	(98.0)	(41%)	(39%)
Operating profit	**283.0**	182.3	55%	58%
Adjusted operating profit*	**341.1**	280.3	22%	24%
Basic earnings per share (p)	**56.4**	33.8	67%	
Adjusted basic earnings per share (p)*	**73.7**	60.1	23%	

*before amortisation of purchased intangibles and non-recurring items

Segmental reporting has been restated to reflect the management organisation and reporting of the business lines during the year. Technology Services combines IT Services and MillenniumIT, reflecting the similar nature of their products and services.

Turquoise will be reported as part of Capital Markets from 1 April 2011 (reported as part of Information Services for the year ended 31 March 2011), following changes to the way the business is managed on the merger of EDX into Turquoise to form Turquoise Derivatives.

Chief Executive's Review

We have made good progress over the last year, with improved financial performance and significant steps taken in delivering on our ambition to be, by scale and offering, a world-leading diversified exchange group.

Against a background of more stable although highly competitive markets, we achieved total income of £674.9 million, a seven per cent increase. Adjusted operating profit was £341.1 million, a 22 per cent increase, as we maintained focus on cost control. Growth across a range of Group operations illustrates the increasingly diversified nature of our business.

The past year saw the cautious return of optimism to the economy and global capital markets. London remains a world-leading centre for companies seeking to raise capital, both domestically and internationally, and the Group retains an enviable franchise in helping issuers access capital and generate liquidity in secondary markets. We saw strong growth in the number of new issues and the pipeline across geography, sector and markets remains encouraging.

Following the introduction of a number of key initiatives designed to bring the Group closer to its clients, our share of order book trading in UK cash equities was stable over the year. Our fixed income markets, MTS and MOT, performed well and the IDEM derivatives market in Italy also delivered good growth.

Our Information Services and Technology Services divisions made good progress. The number of users of the Group's real time data remained broadly unchanged over the year compared with a period of reduced demand last year. Our other reference data, desk top products, and FTSE Indices businesses all delivered growth over the twelve months. Contributing to growth in the Technology segment were MillenniumIT and other specialist technology services, including network connections and co-location of clients' servers in our data centres.

Strategy Review

Last year we set out a clear strategy for the development of the business, with customer focus and improving operational efficiency very much central to our plans. Our strategy is broadly characterised as "getting in shape", "leveraging our assets" and "developing opportunities". The imperatives are fourfold, namely to drive efficiency, build scale, increase scope and extend reach.

Our strategic outline is more than a one year plan but we are undoubtedly making good progress:

Getting in Shape – Drive efficiency

The focus of initial management attention, "getting in shape", was on reducing costs; implementing low cost, high performance technology; improving client relationships; and adjusting tariffs, particularly with regard to improving our competitive position in cash equities trading.

Pleasingly, we reduced our adjusted organic operating expenses by a further eight per cent this year, reflecting previously implemented headcount reductions and other savings.

Last year we conducted a full review of our technology requirements, resulting in the acquisition of MillenniumIT, an innovative, capital markets-focused software services business. We embarked on an ambitious programme to swiftly implement MillenniumIT's leading, high speed and high performance equities trading technology across the Group's markets. In October, we successfully completed the migration of Turquoise, our pan-European MTF, onto the Millennium Exchange trading system. This was followed by the London Stock Exchange main UK equity trading market in February 2011. The new platform is running at least 10 times faster than its predecessor TradElect and delivering consistent world-leading average latency of below 125 micro seconds, fully meeting our requirements for a low cost and highly competitive trading system.

We continued the process started last year with the roll out of the TMX Group's derivatives trading technology, SOLA, to our IDEM market, following the successful earlier launch on EDX. This has provided IDEM clients with a faster and improved trading system.

Work to enhance our equity markets offering has driven significant improvements. We have negotiated improved pricing for clearing and settlement services by external providers, which reduce the overall cost of trading on our UK market; and we introduced new tariffs last May intended to incentivise trading which were well received. Our share of trading, in what remains a competitive marketplace, was stable throughout the financial year at an average 63.5 per cent, and in Italy the share of order book value traded was also steady at 84.0 per cent.

Leveraging assets – increasing scope and reach

Turquoise, our pan-European MTF joint venture with 12 banks, which became part of the Group shortly before the start of the financial year, has made good progress, with a significantly reduced cost base and a growing share of trading. Of particular note was the increase in dark pool trading, regularly occupying the number one or two position among MTFs for much of the past year. We have also recently announced plans to launch a pan-European derivatives business through the creation of Turquoise Derivatives in combination with the Group's existing derivatives market, EDX, and use the SOLA platform already adopted by EDX. FTSE 100 Index Futures will begin trading on this platform in June 2011, with further products planned, subject in some instances to obtaining relevant trading licences.

Post Trade had a strong year with total income up 30 per cent, driven in part by clearing an increased number of Italian derivatives and fixed income trades which also resulted in higher margin held by the clearing operation. Active risk and treasury management of the cash margin in turn contributed to increased net treasury management income. The European post trade landscape remains poised for widespread structural re-definition and we continue to pursue a number of opportunities that are available to the Group.

In Information Services, Proquote, a cornerstone of our important retail strategy, has had a transformational year, having been completely restructured, partnering with FactSet and recording a significant surge in retail trading volumes. We have also extended the UnaVista service to provide a Swaps Portal and a Confirmation Portal to help clients automate processes and reduce costs and risk. We have introduced optionality for clients with new reporting structures for real time data use, and introduced new post trade data services, providing data in new forms to increase client choice of the information they receive.

In Technology Services, MillenniumIT has signed agreements to supply technology to a number of new third party customers, including the Johannesburg Stock Exchange which recently announced its intention to use Millennium Exchange, and the Mongolian Stock Exchange which signed a strategic partnership with the Group to restructure and develop the national exchange of the world’s third fastest growing economy.

Developing opportunities – building scale and extending international operations

The last quarter of our financial year saw the Group announce plans for a merger of equals with Canadian-based exchange business TMX Group Inc., to create a leading diversified international exchange group. As we set out at the time of the announcement, the merger will create a group highly diversified across asset classes and geographies, a leading global listings franchise, significant efficiencies for customers, increased scale and reach, a strong balance sheet and considerable growth opportunities. Over the coming months we will continue to work on achieving the customary shareholder and regulatory approvals with the aim of completing the transaction in the autumn of 2011.

Dividend

The Board proposes a final dividend of 18.0 pence per share, to be paid to those shareholders on the register on 29 July 2011, for payment on 22 August 2011. Together with the interim dividend of 8.8 pence per share paid in January 2011, the total dividend for the year rises to 26.8 pence per share, an increase of 9.8 per cent over the previous year (2010: 24.4 pence per share).

Financial Review

The following is a review of the Group's financial performance for the year.

Capital Markets

Revenue	Year ended 31 March 2011 £m	2010 £m	Variance %	Variance at constant currency %
Primary Markets				
Annual fees	**37.8**	35.2	7%	9%
Admission fees	**33.0**	34.0	(3%)	(2%)
	70.8	69.2	2%	3%
Secondary Markets				
Cash equities UK	**86.4**	101.8	(15%)	(15%)
Cash equities Italy	**30.7**	31.7	(3%)	1%
Derivatives	**16.8**	19.5	(14%)	(12%)
Fixed income	**32.4**	29.3	11%	15%
	166.3	182.3	(9%)	(7%)
Other	**44.4**	43.8	1%	5%
Total revenue	**281.5**	295.3	(5%)	(3%)

Annual fee income increased 7 per cent, with market capitalisation at the end of November 2009 (which formed the basis of UK Main Market fees for the year ended 31 March 2011) up 27 per cent compared with the prior year. This was partly offset by a 14 per cent reduction versus the prior year in AIM company numbers as at April 2010 (which formed the basis of AIM fees for the year ended 31 March 2011). In Italy, average market capitalisation for the year ended 31 December 2010 was 5 per cent higher than the corresponding prior year (fees are set on a calendar half-yearly basis based on average market capitalisation for the prior six months), whilst company numbers were broadly stable at 296.

Admissions to our primary markets increased during the year, with new issues growing 68 per cent to 185, including 50 international companies, and a more than doubling of new companies joining AIM. In revenue terms, these increases were offset by a reduction in further issues, which last year benefitted from the high level of secondary fund raising as companies repaired their balance sheets following the credit crisis; money raised from further issues declined 63 per cent to £27.2 billion in the year.

UK equity trading revenues benefitted from a 2 per cent increase in average daily value traded to £4.7 billion, whilst our average share of value traded for the year was 63.5 per cent – up from 61.4 per cent for the month of April 2010. Pricing changes in September 2009 and the pricing pilot initiated in May 2010 resulted in a 17 per cent reduction in average yield on the SETS order book to 0.71 basis points and a 15 per cent reduction in revenue.

Italian equity trading revenues are charged on the basis of the volume of trades completed, which was up two per cent on last year at an average 257,000 per day.

Derivative trading volumes in IDEM increased 13 per cent versus 2010, partly offsetting the very sharp reduction in trading of Scandinavian derivatives on EDX following its change in trading platform in December 2009. Revenues for Q4 were up five per cent on last year.

The fixed income business performed strongly, with value traded in MTS up 51 per cent to €68 trillion for the year. Trading volume on the MOT retail bond market increased 14 per cent.

Other capital markets revenues primarily comprise fees for membership of our markets and other non-trading revenues.

Post Trade Services

	Year ended 31 March			Variance at constant
	2011	2010	Variance	currency
	£m	£m	%	%
Revenue				
Clearing	**35.9**	33.4	7%	12%
Settlement	**18.2**	21.1	(14%)	(10%)
Custody & other	**45.2**	45.5	(1%)	3%
Total revenue	**99.3**	100.0	(1%)	3%
Net treasury income through CCP business	**51.3**	16.2	217%	229%
Total income	**150.6**	116.2	30%	35%

Equity and derivatives volumes cleared rose 4 and 13 percent respectively, contributing to the increase in clearing revenues. Net treasury income through the Central Counterparty ("CCP") business grew significantly due to:

- 53 per cent higher average initial margin held, mainly driven by increased fixed income volumes through the CCP as a result of both higher trading volumes and additional fixed income markets guaranteed by the CCP; and

- significant investment in our risk and treasury management functions enabling us to improve the rates achieved on investment of margin funds with Italian banks.

Total Income from the clearing business rose 76 per cent to £87.2 million.

The number of pre-settlement and settlement contracts fell 10 and 22 per cent respectively following a reduction in OTC volumes and increased netting driven by a rise in the number of markets (such as MOT) guaranteed by the CCP. In the Custody business, the value of assets under management increased five per cent to €3.0 trillion. Revenues from Servizio Titoli S.p.A., the shareholder services business, declined slightly to £7.9 million. On 10 May 2011, the sale of Servizio Titoli S.p.A. to Computershare plc was completed for a consideration of €32.4 million.

Information Services

	Year ended 31 March			Variance at constant currency
	2011	**2010**	**Variance**	**currency**
	£m	**£m**	**%**	**%**
Revenue				
Real time data	**101.2**	103.7	(2%)	(1%)
Other information services	**83.5**	65.6	27%	28%
Total revenue	**184.7**	169.3	9%	10%

Professional terminal numbers receiving the Group's UK real time data at 31 March 2011 were little changed over the year at 93,000. Professional terminal numbers taking Italian data were two per cent lower at 139,000, resulting in a small constant currency reduction in revenue.

Non real time data products continued to perform well, with good results across a number of products. In particular, continued growing contributions were generated by SEDOL (which provides unique identification for a range of global tradable securities), UnaVista (a post trade data matching service), royalties from the FTSE indices joint venture and Proquote. The Information Services division also benefited from a full year revenue contribution of £10.0 million from Turquoise (2010: £0.3 million), which was acquired in February 2010.

Technology Services

	Year ended 31 March			Variance at constant currency
	2011	**2010**	**Variance**	**currency**
	£m	**£m**	**%**	**%**
Revenue				
MillenniumIT	18.2	6.7	172%	168%
Technology	30.4	32.7	(7%)	(6%)
Total revenue	**48.6**	39.4	23%	24%

The Group's Technology Services division reflected a full year of revenues from MillenniumIT, acquired in October 2009.

MillenniumIT has performed well, with the principal focus of activity on developing technology for the Group. In the year it has also taken a number of third party customers live, including a commodity exchange in India and smart order routing technology in Canada, and has been awarded contracts including Tullett Prebon, the Chittagong Stock Exchange and a large Indian Bank. MillenniumIT will also be a key part of the agreement to restructure and develop the Mongolian Stock Exchange, with whom a contract was signed shortly after the year end.

The Technology Services division benefited from expansion of our UK server co-location offering, which was launched last year, and growth in our Italian ASP business, due to the consolidation of services provided to clients and product diversification to attract new customers. The transfer of supply of our external UK communications network to a third party from August 2010 resulted in a £4.4m reduction in revenues, although this was offset by a corresponding reduction in costs.

Expenditure

Our operating expenses, before amortisation of purchased intangibles and non-recurring items, were reduced organically by eight per cent, on a constant currency basis. This reflects previously announced headcount and property restructuring and other cost savings, including a net £5.6 million benefit arising from an agreement with HMRC over the methodology used in recovering input VAT and £4.1 million relating to the transfer of supply of our external UK communications network to a third party. The savings were partly offset by an increase in variable staff costs reflecting the improved performance of the Group.

One-off costs relating to the replacement of the TradElect platform amounted to £5.5 million (2010: £25.3 million) and comprised accelerated depreciation and other IT costs. Included within our net organic cost reduction is approximately £6 million early delivery of savings out of the £10 million per annum targeted for the year ending 31 March 2012 from the roll-out of the Millennium Exchange system.

Non-recurring items comprised £15.4 million of non-contingent costs associated with the proposed merger with TMX Group Inc., £3.5 million restructuring costs mainly relating to headcount restructuring in May 2010 and £2.1 million of property costs largely comprising an impairment provision on a freehold property now surplus to requirements and held for resale. These costs were partly offset by a £10.0 million accounting gain triggered by the acquisition by our FTSE joint venture of the remaining 50 per cent of the FXI Chinese index business.

Finance Income and Expense, and Taxation

Net finance costs increased by £4.1 million mainly as a result of a full year’s interest on the 2019 Bond issued in June 2009. Our effective tax rate on profit before amortisation of purchased intangibles and non-recurring items was 30.3 per cent (2010: 30.5 per cent). This reflects strong results from Italy taxed at a higher rate than UK profits offset by the benefit of the relative tax treatment between the UK and Sri Lanka, where we currently have a corporate tax holiday, relating to the Millennium Exchange licence fee for the UK trading system. Given the reduction in UK corporation tax rates and the anticipated mix of Group profits, we expect our underlying effective tax rate to fall marginally next year.

Cash flow and balance sheet

We continued to be strongly cash generative during the year. Cash generated from operations increased 27 per cent to £381.8 million (2010: £301.2 million), whilst our net cash inflow from operating activities was 23 per cent higher than prior year at £264.5 million. Our net cash investment in the business of £48.5 million included £43.0 million of capital expenditure and £5.5 million investment, net of cash acquired, in subsidiary undertakings (comprising the acquisitions of ProMac S.p.A. and MTS France S.A.S. and buying out the non-controlling interests in EDX London Ltd and Servizio Titoli S.p.A.).

The Group had net assets of £1,137.0 million at 31 March 2011 (2010: £1,030.8 million). The central counterparty clearing business assets and liabilities within CC&G largely offset each other and are shown gross on the balance sheet as the amounts receivable and payable are with different counterparties. The gross clearing balances increased year on year primarily as a result of an increase in the volume and average term of the repurchase transactions that remained open.

The surplus on the Group's UK defined benefit pension plan increased to £37.6 million at 31 March 2011 (2010: £4.6 million). On 7 April 2011 the Trustees of the plan signed an agreement with Pension Insurance Corporation Limited to insure for a premium of around £158 million all future payments to scheme members who were pensioners at 31 March 2011. This will eliminate any investment, inflation, and mortality risks associated with these benefits. The actuarial liability of these benefits at 31 March 2011 was £140.5 million, with the excess of the insurance premium over the liabilities being funded from the plan surplus. The contract includes an obligation to insure future retirements over the next five years on consistent pricing terms for a total premium currently estimated to be £45 million.

Net debt, facilities and credit rating

	2011 £m	2010 £m
Gross borrowings	**499.1**	606.7
Cash and cash equivalents	**(267.0)**	(223.1)
Net derivative financial liabilities	**12.5**	18.4
Net debt	**244.6**	402.0
Cash set aside	**125.0**	125.0
Operating net debt	**369.6**	527.0

The £125 million of cash set aside is to meet regulatory, clearing and commercial requirements. We are currently in discussions with the FSA about a possible increase in the regulatory capital requirement for our main UK operating company for FY 2012, however indications are that (to the extent that it is increased at all) the overall cash set aside by the Group will increase by no more than one third above the current £125 million.

In September 2010, the Group cancelled €120 million of interest swaps which were linked to floating rate bank loans. The cost of the swap cancellation was €2.6m, the majority of which was offset within the financial year against lower financing costs from the simultaneous reduction in gross borrowings. In November 2010, the Group took advantage of improving loan markets to refinance £225 million of its bank lines early by signing a new £250 million, five year, committed revolving credit facility. Committed credit lines available for general Group purposes now total £1 billion, with £750 million extending to 2015 or beyond.

Foreign exchange

The Group's foreign exchange exposure arises mainly from translating the Group's euro earnings, assets and liabilities into sterling. During the year, the Group's income has been adversely impacted from the weakening of the average euro rate against sterling:

	2011	2010
Spot £/€ rate at 31 March	**1.13**	1.12
Average £/€ rate for the year	**1.18**	1.13

Our principal foreign exchange exposure is on the translation of the euro denominated results of our Italian business into sterling. A €5c movement in the average £/€ rate for the year would have changed the Group's operating profit before amortisation of purchased intangibles and non-recurring items by approximately £8 million.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2011

		2011			2010		
Continuing operations	Notes	**Before acquisition amortisation and non-recurring items £m**	**Acquisition amortisation and non-recurring items £m**	**Total £m**	Before acquisition amortisation and non-recurring items £m	Acquisition amortisation and non-recurring items £m	Total £m
Revenue	2	**615.9**	**-**	**615.9**	605.6	-	605.6
Net treasury income through CCP business	2	**51.3**	**-**	**51.3**	16.2	-	16.2
Other income		**7.7**	**-**	**7.7**	6.5	-	6.5
Total income		**674.9**	**-**	**674.9**	628.3	-	628.3
Expenses							
Operating expenses		**(336.9)**	**(68.1)**	**(405.0)**	(349.6)	(98.0)	(447.6)
Share of profit after tax of joint ventures/ associates		**3.1**	**10.0**	**13.1**	1.6	-	1.6
Operating profit/(loss)		**341.1**	**(58.1)**	**283.0**	280.3	(98.0)	182.3
Finance income		**16.1**	**-**	**16.1**	15.2	-	15.2
Finance expense		**(60.9)**	**-**	**(60.9)**	(55.9)	-	(55.9)
Net finance expense	5	**(44.8)**	**-**	**(44.8)**	(40.7)	-	(40.7)
Profit on disposal of shares in subsidiary/ associates		**-**	**-**	**-**	2.4	0.3	2.7
Profit/(loss) before taxation		**296.3**	**(58.1)**	**238.2**	242.0	(97.7)	144.3
Taxation	6	**(89.8)**	**8.1**	**(81.7)**	(73.9)	21.3	(52.6)
Profit/(loss) for the financial year		**206.5**	**(50.0)**	**156.5**	168.1	(76.4)	91.7
Profit/(loss) attributable to non-controlling interests		**8.6**	**(3.7)**	**4.9**	7.3	(6.0)	1.3
Profit/(loss) attributable to equity holders		**197.9**	**(46.3)**	**151.6**	160.8	(70.4)	90.4
		206.5	**(50.0)**	**156.5**	168.1	(76.4)	91.7
Basic earnings per share	7			**56.4p**			33.8p
Diluted earnings per share	7			**55.9p**			33.5p
Adjusted basic earnings per share	7			**73.7p**			60.1p
Adjusted diluted earnings per share	7			**72.9p**			59.6p
Dividend per share in respect of financial year							
Dividend per share paid during the year	8			**24.8p**			24.4p
Dividend per share declared for the year	8			**26.8p**			24.4p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2011

	Notes	2011 £m	2010 £m
Profit for the financial year		**156.5**	91.7
Defined benefit pension scheme actuarial gain/(loss)		**32.4**	(1.8)
Cash flow hedge		**2.8**	(0.9)
Net investment hedge		**6.5**	(9.9)
Exchange loss on translation of foreign operations		**(13.0)**	(56.8)
Tax related to items not recognised on income statement	6	**(6.5)**	1.5
		22.2	(67.9)
Total comprehensive income for the financial year		**178.7**	23.8
Attributable to non-controlling interests		**5.9**	(2.2)
Attributable to equity holders		**172.8**	26.0
		178.7	23.8

CONSOLIDATED BALANCE SHEET

31 March 2011	Notes	**2011** **£m**	2010 £m
Assets			
Non-current assets			
Property, plant and equipment		**62.4**	74.9
Intangible assets	9	**1,394.4**	1,484.1
Investment in joint ventures		**17.3**	7.1
Investments in associates		**0.6**	1.5
Deferred tax assets		**12.2**	6.2
Available for sale investments		**0.4**	0.4
Retirement benefit asset		**37.6**	4.6
Other non-current assets		**0.5**	0.7
		1,525.4	1,579.5
Current assets			
Inventories		**1.4**	2.2
Trade and other receivables		**126.8**	132.2
Derivative financial instruments		**0.7**	0.6
CCP financial assets		**110,177.9**	79,669.3
CCP cash and cash equivalents (restricted)		**5,929.3**	4,580.7
CCP clearing business assets	10	**116,107.2**	84,250.0
Current tax		**21.2**	-
Assets held at fair value	10	**8.6**	9.5
Cash and cash equivalents		**267.0**	223.1
		116,532.9	84,617.6
Assets held for sale	11	**36.9**	-
Total assets		**118,095.2**	86,197.1
Liabilities			
Current liabilities			
Trade and other payables		**156.5**	137.1
Derivative financial instruments	10	**0.3**	2.7
CCP clearing business liabilities	10	**116,104.5**	84,257.5
Current tax		**49.9**	10.5
Borrowings	12	**0.1**	0.9
Provisions		**3.7**	3.7
		116,315.0	84,412.4
Non-current liabilities			
Borrowings	12	**499.0**	605.8
Derivative financial instruments	10	**12.9**	16.3
Deferred tax liabilities		**92.3**	94.3
Retirement benefit obligation		**6.4**	7.3
Provisions		**27.8**	30.2
		638.4	753.9
Liabilities held for sale	11	**4.8**	-
Total liabilities		**116,958.2**	85,166.3
Net assets		**1,137.0**	1,030.8
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	**18.8**	18.8
Retained loss		**(662.9)**	(775.7)
Other reserves		**1,681.0**	1,684.8
		1,036.9	927.9
Non-controlling interests		**100.1**	102.9
Total equity		**1,137.0**	1,030.8

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2011

	Notes	2011 £m	2010 £m
Cash flow from operating activities			
Cash generated from operations	15	**381.8**	301.2
Interest received		**1.4**	2.1
Interest paid		**(44.9)**	(31.0)
Corporation tax paid		**(54.3)**	(48.1)
Withholding tax paid		**(19.5)**	(9.0)
Net cash inflow from operating activities		**264.5**	215.2
Cash flow from investing activities			
Purchase of property, plant and equipment		**(16.9)**	(12.3)
Sale of property, plant and equipment		**0.4**	-
Purchase of intangible assets		**(26.1)**	(29.9)
Investment in joint ventures		**-**	(6.1)
Investment in subsidiaries		**(10.3)**	(16.3)
Net cash inflow from acquisitions		**4.8**	5.2
Dividends received		**4.3**	2.5
Proceeds from sale of non-controlling interest in subsidiary		**-**	7.4
Net cash outflow from investing activities		**(43.8)**	(49.5)
Cash flow from financing activities			
Dividends paid to shareholders		**(66.6)**	(65.2)
Dividends paid to non-controlling interests		**(6.1)**	(8.7)
Redemption of B shares		**-**	(2.3)
Proceeds from own shares on exercise of employee share options		**3.3**	1.4
Proceeds from borrowings		**-**	305.4
Repayment of borrowings		**(104.6)**	(313.8)
Net cash outflow from financing activities		**(174.0)**	(83.2)
Increase in cash and cash equivalents		**46.7**	82.5
Cash and cash equivalents at beginning of year		**223.1**	143.7
Exchange losses on cash and cash equivalents		**(0.9)**	(3.1)
Transfer to assets held for sale		**(1.9)**	-
Cash and cash equivalents at end of year		**267.0**	223.1

Group cash flow does not include cash and cash equivalents held by CC&G on behalf of its clearing members for use in its operation as manager of the clearing and guarantee system. These balances represent margins and default funds held for counterparties for short periods in connection with this operation. Interest on CCP balances is received by CC&G net of withholding tax, which is deducted at source. This withholding tax is effectively a cash outflow for the Group, and is shown separately in the cash flow statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders									
			Other reserves							
	Ordinary Share capital	Retained loss	Capital redemption reserve	Reverse acquisition reserve	Foreign exchange translation reserve	Merger reserve	Hedging reserve	Total attributa-ble to equity holders	Non-controll-ing interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 April 2009	**18.7**	**(803.2)**	**511.9**	**(512.5)**	**476.1**	**1,299.2**	**(33.3)**	**956.9**	**96.3**	**1,053.2**
Issue of shares	0.1	-	-	-	-	5.1	-	5.2	-	5.2
Total comprehensive income for the financial year	-	90.0	-	-	(53.2)	-	(10.8)	26.0	(2.2)	23.8
Final dividend relating to the year ended 31 March 2009	-	(42.7)	-	-	-	-	-	(42.7)	-	(42.7)
Interim dividend relating to the year ended 31 March 2010	-	(22.5)	-	-	-	-	-	(22.5)	-	(22.5)
Dividend payment to non-controlling interests	-	-	-	-	-	-	-	-	(8.3)	(8.3)
Employee share schemes expenses	-	5.0	-	-	-	-	-	5.0		5.0
Redemption of B shares	-	(2.3)	2.3	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	17.1	17.1
31 March 2010	**18.8**	**(775.7)**	**514.2**	**(512.5)**	**422.9**	**1,304.3**	**(44.1)**	**927.9**	**102.9**	**1,030.8**
Total comprehensive income for the financial year	-	176.6	-	-	(13.1)	-	9.3	172.8	5.9	178.7
Final dividend relating to the year ended 31 March 2010	-	(42.9)	-	-	-	-	-	(42.9)	-	(42.9)
Interim dividend relating to the year ended 31 March 2011	-	(23.7)	-	-	-	-	-	(23.7)	-	(23.7)
Dividend payment to non-controlling interests	-	-	-	-	-	-	-	-	(7.2)	(7.2)
Employee share schemes expenses	-	8.3	-	-	-	-	-	8.3	-	8.3
Purchases of non-controlling interests	-	(5.5)	-	-	-	-	-	(5.5)	(1.5)	(7.0)
31 March 2011	**18.8**	**(662.9)**	**514.2**	**(512.5)**	**409.8**	**1,304.3**	**(34.8)**	**1,036.9**	**100.1**	**1,137.0**

The capital redemption reserve is a non-distributable reserve set up as a result of a court approved capital reduction.
The reverse acquisition reserve is a non-distributable capital reserve arising on consolidation as a result of the capital reduction scheme.
The foreign exchange translation reserve reflects the impact of foreign currency changes on the translation of foreign operations.
The merger reserve arises on consolidation when the Company issues shares as part of the consideration to acquire subsidiary undertakings.
The hedging reserve represents the cumulative fair value adjustment recognised in respect of net investment and cash flow hedges undertaken in accordance with hedge accounting principles.

Notes to the Financial Statements

1. Basis of preparation and accounting policies

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value, including those of the central counterparty (CCP) clearing business of the Group's majority-owned subsidiary Cassa di Compensazione e Garanzia S.p.A. (CC&G), and on the basis of the Group's accounting policies.

The Group uses a columnar format for the presentation of its consolidated Income Statement. This enables the Group to aid the reader's understanding of its results by presenting profit for the year before acquisition amortisation and non-recurring items. This is the profit measure used to calculate adjusted earnings per share and is considered to be the most appropriate as it best reflects the Group's underlying cash earnings and is the primary measure of performance monitored by the Group's Executive Committee. Profit before acquisition amortisation and non-recurring items is reconciled to profit before taxation on the face of the Income Statement.

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS.

Recent Accounting Developments

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB) and IFRIC and have been adopted for the first time in these financial statements:

IFRS 3 (revised) 'Business Combinations' - Comprehensive revision to applying the acquisition method, has been adopted and applied to all acquisitions from 1 April 2010. The revised standard maintains the acquisition method for business combinations, but has made significant changes in other areas when compared to IFRS 3 such as all payments on the purchase of a business are recognised at their fair value as at the acquisition date. In addition any contingent consideration is classified as a debt with any subsequent remeasurement taken through the income statement and all acquisition costs are expensed in the period that they are incurred. The £4.8m acquisition of ProMac S.p.A. and £1m acquisition of MTS France S.A.S. were the only significant acquisitions during the period.

IAS 27 (revised) 'Consolidated and Separate Financial Statements' has been adopted and will apply to all acquisitions from 1 April 2010. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. In the current period the remaining 19.9% in EDX Limited and 10% of Servizio Titoli S.p.A. not controlled by the Group were acquired resulting in a £5.5m adjustment to retained earnings.

2. Segmental information

Segmental disclosures for the year ended 31 March 2011 are shown below:

	Capital Markets	Post Trade Services	Information Services	Technology Services	Other	Group
	£m	£m	£m	£m	£m	£m
Revenue	281.5	99.3	184.7	82.1	1.8	649.4
Inter-segmental revenue	-	-	-	(33.5)	-	(33.5)
Revenue from external customers	281.5	99.3	184.7	48.6	1.8	615.9
Net treasury income through CCP business	-	51.3	-	-	-	51.3
Other Income	-	-	-	-	7.7	7.7
Total income	281.5	150.6	184.7	48.6	9.5	674.9
Expenses						
Depreciation and software amortisation	(32.3)	(5.5)	(10.4)	(1.3)	-	(49.5)
Other recurring expenses	(104.6)	(54.3)	(72.4)	(52.3)	(3.8)	(287.4)
Share of profit / (loss) after tax of joint ventures / associates	(1.9)	-	5.0	-	-	3.1
Operating profit / (loss) before amortisation of purchased intangible assets and non-recurring items	142.7	90.8	106.9	(5.0)	5.7	341.1
Amortisation of purchased intangible assets						(47.1)
Non-recurring items						(11.0)
Operating profit						283.0
Net finance expense						(44.8)
Profit before taxation						238.2

Net treasury income through CCP business of £51.3m comprises gross interest income of £227.3m less gross interest expense of £176.0m. Included within both gross interest income and gross interest expense is £150.4m relating to repo transactions; net of repo transactions gross interest income was £76.9m and gross interest expense was £25.6m.

Comparative segmental disclosures for the year ended 31 March 2010 (restated) are as follows:

	Capital Markets	Post Trade Services	Information Services	Technology Services	Other	Group
	£m	£m	£m	£m	£m	£m
Revenue	295.3	100.0	169.3	39.9	1.6	606.1
Inter-segmental revenue				(0.5)		(0.5)
Revenue from external customers	295.3	100.0	169.3	39.4	1.6	605.6
Net treasury income through CCP business	-	16.2	-	-	-	16.2
Other Income	-	-	-	-	6.5	6.5
Total income	295.3	116.2	169.3	39.4	8.1	628.3
Expenses						
Depreciation and software amortisation	(45.7)	(4.8)	(10.9)	(0.8)	(0.6)	(62.8)
Other non-recurring expenses	(116.7)	(51.9)	(55.8)	(51.8)	(10.6)	(286.8)
Share of profit / (loss) after tax of joint ventures / associates	(1.9)	-	3.5	-	-	1.6
Operating profit / (loss) before amortisation of purchased intangible assets and non-recurring items	131.0	59.5	106.1	(13.2)	(3.1)	280.3
Amortisation of purchased intangible assets						(54.3)
Non-recurring items						(43.7)
Operating profit						182.3
Net finance expense						(40.7)
Profit on disposal of shares in subsidiaries						2.7
Profit before taxation						**144.3**

Net treasury income through CCP business of £16.2m comprises gross interest income of £498.3m less gross interest expense of £482.1m. Included within both gross interest income and gross interest expense is £462.9m relating to repo transactions; net of repo transactions gross interest income was £35.4m and gross interest expense was £19.2m.

The segmental reporting has been restated to show Information Services and Technology Services as separate segments. This reflects the management re-organisation of the chief operating decision maker, which is the Executive Committee, and associated changes in the reporting of the business lines. Technology Services combines IT Services with MillenniumIT reflecting the similar nature of their products and services. There have been no changes to the profit for the year and accordingly no third Balance Sheet has been presented.

Inter-segmental revenue represent sales of software from MillenniumIT to other segments.

3. Employee costs

Employee costs comprise the following:	**2011** **£m**	2010 £m
Salaries and other short term benefits	**92.0**	84.5
Social security costs	**15.2**	15.5
Pension costs	**5.2**	7.5
Share based compensation	**5.0**	3.5
Total	**117.4**	111.0

	2011		**2010**	
The number of employees in the Group was:	**Average**	**Year end**	Average	Year end
UK	**497**	**492**	568	539
Italy	**455**	**456**	496	458
Sri Lanka	**534**	**587**	453[1]	461
Other	**29**	**28**	28	30
	1,515	**1,563**	1,545	1,488

The Company has no employees.

[1] Average from date of acquisition.

4. Amortisation of purchased intangible assets and non-recurring items

	Note	**2011** **£m**	2010 £m
Amortisation of purchased intangible assets	9	**(47.1)**	(54.3)
Merger costs		**(15.4)**	-
Restructuring costs		**(3.5)**	(30.1)
Property costs		**(2.1)**	-
Integration costs		**-**	(13.6)
Revaluation on acquisition within joint venture		**10.0**	-
Total affecting operating profit		**(58.1)**	(98.0)
Profit on disposal of shares in subsidiary		**-**	0.3
Total affecting profit before tax		**(58.1)**	(97.7)
Tax effect on items affecting profit before tax and tax non-recurring items			
Deferred tax on amortisation of purchased intangible assets		**6.4**	9.4
Tax effect on other items affecting profit before tax		**1.7**	11.9
Total tax effect on items affecting profit before tax and tax non-recurring items		**8.1**	21.3
Total charge to income statement		**(50.0)**	(76.4)

Merger costs comprise costs incurred and committed to date associated with the proposed merger with TMX Group Inc. and primarily comprise non-contingent advisers fees. Restructuring costs mainly comprise headcount restructuring costs arising from the cost saving programmes announced in July 2009 and May 2010. Property costs are an impairment provision relating to a freehold building now held for resale. The revaluation on acquisition within joint venture relates to the acquisition by the Group's FTSE joint venture of the remaining 50 per cent of the FXI Chinese index business, and the consequent upward revaluation of FTSE's existing interests in that company

5. Net finance expense

	2011	2010
	£m	£m
Finance income		
Bank deposit and other interest income	**1.3**	2.5
Expected return on defined benefit pension scheme assets	**14.5**	11.8
Fair value gains on financial instruments	**-**	0.6
Investment income	**0.3**	0.3
	16.1	15.2
Finance expense		
Interest payable on bank and other borrowings	**(42.8)**	(38.9)
Fair value loss on financial instruments	**(0.1)**	-
Other finance costs	**(1.8)**	(1.2)
Interest on discounted provision for leasehold properties	**(1.5)**	(1.2)
Defined benefit pension scheme interest cost	**(14.7)**	(14.6)
	(60.9)	(55.9)
Net finance expense	**(44.8)**	(40.7)

6. Taxation

Taxation charged to the income statement	2011 £m	2010 £m
Current tax:		
UK corporation tax for the year at 28%	**38.1**	27.8
Overseas tax for the year	**55.3**	37.4
Adjustments in respect of previous years	**1.0**	(6.9)
	94.4	58.3
Deferred tax:		
Deferred tax for the current year	**(10.4)**	2.1
Adjustments in respect of previous years	**4.1**	1.6
Deferred tax on amortisation of purchased intangible assets	**(6.4)**	(9.4)
Taxation charge	**81.7**	52.6

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

Taxation on items not (credited)/charged to income statement	2011 £m	2010 £m
Current tax (credit):		
Tax allowance on share options/awards in excess of expense recognised	**(1.3)**	(0.4)
Deferred tax charge/(credit):		
Defined benefit pension scheme gain/(losses)	**9.0**	(0.5)
Tax allowance on share options/awards less than expense recognised	**(0.5)**	(0.6)
Adjustments relating to the change in UK tax rate	**(0.7)**	-
	6.5	(1.5)

Factors affecting the tax charge for the year

The reconciling items between the profits multiplied by the UK corporation tax rate of 28% and the income statement tax charge for the year are explained below:

	2011 £m	2010 £m
Profit before taxation	**238.2**	144.3
Profit multiplied by the UK rate of corporation tax at 28%	**66.7**	40.4
Expenses not deductible/income not taxable	**1.6**	2.6
Share of joint venture and associates consolidated at profit after tax	**(3.8)**	(0.5)
Deferred tax arising on consolidation	**(7.5)**	-
Overseas earnings taxed at higher rate	**13.2**	9.7
Adjustments in respect of previous years	**5.1**	(5.3)
Amortisation of purchased intangible assets	**6.4**	5.7
Taxation charge	**81.7**	52.6

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 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 non-recurring items to enable a better comparison of the underlying earnings of the business with prior periods.

	2011	2010
Basic earnings per share	**56.4p**	33.8p
Diluted earnings per share	**55.9p**	33.5p
Adjusted basic earnings per share	**73.7p**	60.1p
Adjusted diluted earnings per share	**72.9p**	59.6p

	£m	£m
Profit for the financial year attributable to equity holders	**151.6**	90.4
Adjustments:		
Amortisation of purchased intangible assets	**47.1**	54.3
Merger costs	**15.4**	-
Restructuring costs	**3.5**	30.1
Property costs	**2.1**	-
Integration costs	**-**	13.6
Acquisition revaluations	**(10.0)**	-
Non-recurring profit on disposal of shares in subsidiary	**-**	(0.3)
Tax effect of amortisation and non-recurring items	**(8.1)**	(21.3)
Non-recurring items, amortisation and taxation attributable to non-controlling interests	**(3.7)**	(6.0)
Adjusted profit for the financial year attributable to equity holders	**197.9**	160.8
Weighted average number of shares - million	**268.6**	267.6
Effect of dilutive share options and awards - million	**2.8**	2.4
Diluted weighted average number of shares - million	**271.4**	270.0

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

8. Dividends

	2011	2010
	£m	£m
Final dividend for 2010 paid 16 August 2010: 16.0p per Ordinary share (2009: 16.0p)	**42.9**	42.7
Interim dividend for 2011 paid 5 January 2011: 8.8p per Ordinary share (2010: 8.4p)	**23.7**	22.5
	66.6	65.2

The Board has proposed a final dividend in respect of the year ended 31 March 2011 of 18.0p per share, which is estimated to amount to £48.5m, to be paid on 22 August 2011.

9. Intangible assets

		Purchased intangible assets				
	Goodwill	Customer and supplier relationships	Brands	Software, licences and intellectual property	Software	Total
	£m	£m	£m	£m	£m	£m
Cost:						
1 April 2009	1,253.3	721.6	11.2	113.1	165.3	2,264.5
Additions	-	-	-	-	30.3	30.3
Acquisitions of subsidiaries	10.2	4.1	0.3	12.9	2.0	29.5
Disposals	(0.7)	-	-	-	-	(0.7)
Foreign exchange	(45.0)	(26.4)	(0.4)	(2.8)	(0.5)	(75.1)
31 March 2010	1,217.8	699.3	11.1	123.2	197.1	2,248.5
Additions	-	-	-	-	29.2	29.2
Acquisitions of subsidiaries	-	0.3	-	-	-	0.3
Disposals	(1.1)	-	-	-	(1.0)	(2.1)
Transfers to held for sale assets	(27.7)	(20.6)	-	-	-	(48.3)
Foreign exchange	(11.3)	(7.0)	(0.1)	(1.7)	(0.1)	(20.2)
31 March 2011	**1,177.7**	**672.0**	**11.0**	**121.5**	**225.2**	**2,207.4**
Amortisation and accumulated impairment:						
1 April 2009	505.1	49.2	1.7	31.2	92.4	679.6
Amortisation charge for the year	-	31.3	1.1	21.9	50.6	104.9
Foreign exchange	(17.5)	(1.0)	-	(1.4)	(0.2)	(20.1)
31 March 2010	487.6	79.5	2.8	51.7	142.8	764.4
Amortisation charge for the year	-	30.7	1.1	15.3	33.2	80.3
Disposals	-	-	-	-	(1.0)	(1.0)
Transfers to held for sale assets	(22.3)	(3.6)	-	-	-	(25.9)
Foreign exchange	(3.9)	-	-	(0.8)	(0.1)	(4.8)
31 March 2011	**461.4**	**106.6**	**3.9**	**66.2**	**174.9**	**813.0**
Net book values:						
31 March 2011	**716.3**	**565.4**	**7.1**	**55.3**	**50.3**	**1,394.4**
31 March 2010	730.2	619.8	8.3	71.5	54.3	1,484.1

The fair values of purchased intangible assets were principally valued using discounted cash flow methodologies and are being amortised over their useful economic lives, which do not normally exceed 25 years. The goodwill primarily represents the growth potential and assembled workforces of the Italian Group, MillenniumIT and Turquoise.

During the year the goodwill and purchased intangibles allocated to Servizio Titoli were transferred to assets held for sale.

10. Financial instruments by category

The financial instruments of the Group are categorised as follows:

	2011	2010
	£m	£m
Assets as per balance sheet		
Financial assets of the CCP clearing business		
- CCP trading assets	**7,309.5**	5,467.9
- Receivables for repurchase transactions	**98,863.1**	72,687.0
- Other receivables from clearing members	**3,983.1**	1,489.8
- Financial assets held at fair value	**22.2**	24.6
- Cash and cash equivalents of clearing members	**5,929.3**	4,580.7
Financial assets of the CCP clearing business	**116,107.2**	84,250.0
Assets held at fair value	**8.6**	9.5
Total financial assets for CCP clearing	**116,115.8**	84,259.5
Trade and other receivables	**78.7**	83.7
Cash and cash equivalents	**267.0**	223.1
Available for sale investments	**0.4**	0.4
Interest rate swaps	**0.4**	0.6
Forward foreign exchange contracts	**0.3**	-
Total	**116,462.6**	84,567.3

	2011	2010
	£m	£m
Liabilities as per balance sheet		
Financial liabilities of the CCP clearing business		
- CCP trading liabilities	**7,309.5**	5,467.9
- Liabilities under repurchase transactions	**98,863.1**	72,687.0
- Other payables to clearing members	**9,910.9**	6,078.3
- Financial liabilities held at fair value	**21.0**	24.3
Financial liabilities of the CCP clearing business	**116,104.5**	84,257.5
Trade and other payables	**156.5**	137.1
Provisions	**31.5**	33.9
Borrowings	**499.1**	606.7
Cross currency interest rate swaps	**12.9**	16.3
Interest rate swaps	**-**	2.7
Forward foreign exchange contracts	**0.3**	-
Total	**116,804.8**	85,054.2

The comparatives for financial instruments have been updated to exclude prepayment and accrued income which is not considered a financial asset and to include provisions as a financial liability.

11. Assets held for sale

The assets and liabilities related to Servizio Titoli S.p.A. are presented as held for sale at 31 March 2011 as the Group was in the process of selling the company. A sale agreement was signed in April 2011 and completion occurred on 10 May 2011. Total consideration for the sale was €32.4m. During the year the Group decided to put up for sale a freehold property, which resulted in this asset being classified as held for sale at 31 March 2011.

Assets classified as held for sale

	2011 **£m**	2010 £m
Property, plant and equipment	**9.6**	-
Intangible assets	**22.4**	-
Other current assets	**4.9**	-
	36.9	-

Liabilities classified as held for sale

	2011 **£m**	2010 £m
Trade and other payables	**1.4**	-
Other current liabilities	**3.4**	-
	4.8	-

The carrying amounts of assets and liabilities are reasonable approximations of fair value.

There have been no transactions recognised during the year in the statement of comprehensive income relating to the company classified as held for sale.

12. Borrowings

	2011	2010
	£m	£m
Current		
Bank borrowings and trade finance loans	**0.1**	0.9
	0.1	0.9
Non-current		
Bond	**499.5**	499.6
(Deferred arrangement fees)/bank borrowings	**(0.5)**	106.2
	499.0	605.8

The Group has the following unsecured bank facilities:

Type	**Expiry date**	**Facility £m**	**Carrying value at 31 March 2011 £m**	**Interest rate percentage at 31 March 2011**
Multi-currency revolving credit facility	**July 2013**	**250.0**	**-**	**LIBOR + 0.8**
Multi-currency revolving credit facility	**November 2015**	**250.0**	**-**	**LIBOR + 1.0**
Total bank facilities		**500.0**	**-**	
Notes issued July 2006	**July 2016**	**250.0**	**252.0**	**6.125**
Notes issued June 2009	**October 2019**	**250.0**	**247.5**	**9.125**
Total Bonds		**500.0**	**499.5**	
Total Debt		**1,000.0**	**499.5**	

CC&G has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements of £1.2 billion 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 €200m of committed facilities with banks, available for short term CCP related activity purposes only.

Non-current borrowings
In July 2006, the Company issued a £250m bond which is unsecured and is due for repayment in July 2016. Interest is paid semi-annually in arrears in January and July each year. The issue price of the bond was £99.679 per £100 nominal. The coupon on the bond is dependent on movements in the Company's credit rating with Moody's which was unchanged throughout the financial year. The bond coupon remained at 6.125 per cent throughout this period.

In June 2009 the Company issued another £250m bond which is unsecured and is due for repayment in October 2019. Interest is paid semi-annually in arrears in April and October each year. The issue price of the bond was 99.548 per £100 nominal. The coupon on the bond is dependent on the Company's credit ratings with Moody's and Standard & Poor's which were unchanged throughout the financial year. The bond coupon remained at 9.125 per cent throughout this period.

During the year the Company repaid outstanding drawings from its unsecured committed revolving facilities and signed a new £250m five year unsecured committed revolving facility which allowed the Company to cancel two shorter-dated facilities of £200m and £25m. All capitalised arrangement fees associated with the new and cancelled committed facilities were expensed during the year.

13. Analysis of net debt

	2011 £m	2010 £m
Due within one year		
Cash and cash equivalents	**267.0**	223.1
Bank borrowings	**(0.1)**	(0.9)
Derivative financial assets	**0.6**	0.6
Derivative financial liabilities	**(0.3)**	(2.7)
	267.2	220.1
Due after one year		
(Deferred arrangement fees)/bank borrowings	**0.5**	(106.2)
Bond	**(499.5)**	(499.6)
Derivative financial liabilities	**(12.9)**	(16.3)
Total net debt	**(244.7)**	(402.0)

Reconciliation of net cash flow to movement in net debt	2011 £m	2010 £m
Increase in cash in the year	**46.7**	82.5
Bond issue - notes due 2019	**-**	(248.9)
Bank loan repayments less new drawings	**104.6**	257.3
B share redemptions	**-**	2.3
Reduction in net debt resulting from cash flows	**151.3**	93.2
Foreign exchange movements	**0.1**	3.2
Movement on derivative financial assets and liabilities	**5.8**	(16.8)
Bond valuation adjustment	**0.1**	0.5
Other non-cash movements	**-**	0.6
Net debt at start of year	**(402.0)**	(482.7)
Net debt at end of year	**(244.7)**	(402.0)

14. Ordinary share capital

	2011		2010	
Authorised	**millions**	**£**	millions	£
Ordinary shares of 6 79/86p	**271.1**	**18.8**	271.1	18.8

15. Net cash flow generated from operations

	2011 £m	2010 £m
Profit before taxation	**238.2**	144.3
Depreciation and amortisation	**96.7**	123.0
Property impairment	**2.5**	-
(Gain)/loss on disposal of property, plant and equipment	**(0.4)**	2.3
Profit on disposal of shares in subsidiary	**-**	(2.7)
Net finance expense	**44.8**	40.7
Share of profit after tax of joint ventures	**(13.1)**	(1.6)
Decrease/(increase) in inventories	**0.7**	(1.1)
Decrease/(increase) in trade and other receivables	**5.2**	(15.5)
Increase in trade and other payables	**13.9**	8.7
Increase in CCP financial assets	**(30,334.8)**	(49,495.8)
Increase in CCP liabilities	**30,325.1**	49,498.8
Defined benefit pension obligation - contributions in excess of expenses charged	**(0.9)**	(4.9)
Provisions utilised during the year	**(3.9)**	(3.2)
Provisions created during the year	**-**	9.2
Decrease/(increase) in assets held at fair value from operating activities	**0.7**	(4.6)
Share scheme expense	**5.0**	3.5
Foreign exchange losses on operating activities	**2.1**	0.1
Cash generated from operations	**381.8**	301.2
Comprising:		
Ongoing operating activities	**394.4**	325.0
Non-recurring items	**(12.6)**	(23.8)
	381.8	301.2

16. Commitments and contingent liabilities

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were £2.5m (2010: £2.0m) and £23.8m (2010: £3.1m) respectively, of which £0.2m (2010: nil) related to commitments of joint ventures. £23.8m other commitments relates to professional and other fees, the majority of which are conditional on the successful completion of the proposed merger with TMX Group, Inc.

The Group has committed to fully fund the cash needs of Turquoise within an agreed framework for the 24 months from 17 February 2010, the date of acquisition.

17. Business Combinations

Acquisitions in the year to 31 March 2011

In the year to 31 March 2011 the Group made two acquisitions involving the acquisition of an additional 94.4 per cent and 77.5 per cent of the issued share capital of ProMac S.p.A. and MTS France S.A.S. respectively.

					Contribution post-acquisition	
	Date acquired	Consideration	Goodwill	Fair value of assets acquired	Revenue	Operating profit/(loss)
Company acquired		£m	£m	£m	£m	£m
ProMac S.p.A.	9 September 2010	4.7	-	4.7	0.1	(0.4)
MTS France S.A.S.	4 November 2010	1.3	-	1.4	1.1	0.8
Total		**6.0**	**-**	**6.1**	**1.2**	**0.4**

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

	ProMac S.p.A.		MTS France S.A.S.		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
	£m	£m	£m	£m	£m	£m
Non-current assets:						
Intangible assets	-	0.3	-	-	-	0.3
Property, plant and equipment	-	-	-	-	-	-
Other non-current assets	0.2	0.2	-	-	0.2	0.2
Current assets:						
Cash and cash equivalents	2.6	2.6	2.2	2.2	4.8	4.8
Other current assets	1.8	1.8	0.5	0.5	2.3	2.3
Current liabilities:						
Other current liabilities	(0.2)	(0.2)	(0.7)	(1.3)	(0.9)	(1.5)
Net assets	**4.4**	**4.7**	**2.0**	**1.4**	**6.4**	**6.1**
Fair value adjustments to investment in original holdings						(0.1)
Total consideration						**6.0**
Satisfied by:						
Cash						6.0

These fair values are still preliminary and will be finalised during the following financial year.

Acquisitions in prior year

There were no adjustments to the fair value of assets acquired for MilleniumIT. The fair value of assets acquired for Turquoise was adjusted during the year resulting in a reduction of goodwill by £1.3m.