London Stock Exchange Group plc

Financial Statements

For the Period Ended

31 March 2006

Company Registration Number 5369106

London Stock Exchange Group plc

Financial Statements

Period from 18 February 2005 to 31 March 2006

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Officers and Professional Advisers at 31 March 2006

Board of Directors	O Shomroni CA Thomas
Company Secretary	L M Condron
Registered Office	10 Paternoster Square London EC4M 7LS
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors Southwark Towers 32, London Bridge Street London SE1 9SY

London Stock Exchange Group plc

Directors' Report

Period from 18 February 2005 to 31 March 2006

The directors present their report and the financial statements of the Company for the period from 18 February 2005 to 31 March 2006.

INCORPORATION

The Company was incorporated as a private limited company, Milescreen Limited, on 18 February 2005. On 16 November 2005 Milescreen Limited changed its name to London Stock Exchange Group Limited. On 7 December 2005 the Company re-registered as a public limited company pursuant to section 43 of the Companies Act 1985 and became the London Stock Exchange Group plc.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company has been established for a proposed transaction. The Company did not trade or receive any income, incur any expenses or pay any dividends between its incorporation on 18 February 2005 and 31 March 2006. Consequently, no income statement has been prepared. The Company has no cash, nor have there been any cash flows during the period. Consequently, no cash flow statement has been prepared.

SHARE CAPITAL

On incorporation on 18 February 2005, Milescreen Limited had an authorised share capital of £1,000, comprising one thousand ordinary shares of £1 each, of which one ordinary share of £1 was called up, allotted and fully paid. On 16 November 2005 Milescreen Limited changed its name to London Stock Exchange Group Limited.

On 5 December 2005, the Company increased its authorised share capital by the creation of £50,000 redeemable preference share capital. On the same date the Company increased its issued ordinary share capital to two ordinary shares of £1 each, which were called up, allotted and fully paid, and issued the £50,000 redeemable preference share discussed in note 3.

On 9 March 2006 the Company reclassified its existing one thousand ordinary shares of £1 each into 100,000 class A ordinary shares of £0.01 each. The Company also resolved to increase its authorised share capital by the creation of 350,000,000 ordinary shares of £5 each, 260,000,000 B shares of £2 each and additional 99,999,900,000 class A ordinary shares of £0.01 each. On 17 March 2006 the Company created a further 300,000,000,000 class A ordinary shares of £0.01 each.

POST BALANCE SHEET EVENTS

On 19 April 2006 the shareholders of London Stock Exchange plc voted in favour of a Scheme of Arrangement under section 425 CA 1985 as a result of which London Stock Exchange Group plc will issue new ordinary shares of £5.00 and B shares of £2.00 to acquire all of the share capital of London Stock Exchange plc at its market value.

By special resolution of London Stock Exchange Group plc passed on 13 April 2006, it was resolved that, conditional upon the Scheme becoming effective: (i) Exchange Group's ordinary shares of £5.00 issued pursuant to the Scheme will be consolidated and subdivided to an adjusted nominal value determined by reference to the closing price of London Stock Exchange plc ordinary shares on their last day of dealing immediately prior to the Scheme becoming effective, expected to be 12 May 2006; (ii) the nominal value of such ordinary shares will be reduced from such adjusted nominal value to a lower nominal value with the amount reduced being taken to reserves; (iii) the merger reserve created upon the Scheme becoming effective will be capitalised and applied towards paying up class A ordinary shares of £0.01 in London Stock Exchange Group plc and (iv) such class A ordinary shares will be cancelled and extinguished with the amount reduced being taken to reserves.

The Scheme is expected to be sanctioned by the Court on 12 May 2006 and to become effective on 15 May 2006. The reduction of capital of London Stock Exchange Group plc is expected to be confirmed by the Court on 17 May 2005 and to become effective on 18 May 2006.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors during the period ended 31 March 2006 were as follows:

Instant Companies Limited (appointed 18 February 2005 and resigned 20 October 2005)
C A Thomas (appointed 5 December 2005)
O Shomroni (appointed 20 October 2005)

The interests of the directors in the shares of the Company are disclosed in note 5.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 March 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 and International Financial Reporting Standards, as adopted by the EU. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The directors appointed PricewaterhouseCoopers LLP as auditors on 9 November 2005.

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be proposed at the AGM.

Registered office:
10 Paternoster Square
London EC4M 7LS

Signed by order of the directors

L M Condron
Company Secretary
4 May 2006

London Stock Exchange Group plc

Independent Auditors' Report

Period from 18 February 2005 to 31 March 2006

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONDON STOCK EXCHANGE GROUP PLC

We have audited the financial statements of London Stock Exchange Group plc for the period ended 31 March 2006, which comprise the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2006; and

- the financial statements have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants &
Registered Auditors
London
4th May 2006

London Stock Exchange Group plc

Financial Statements

Period from 18 February 2005 to 31 March 2006

Balance sheet as at 31 March 2006

	Notes	£
Assets		
Current Assets		
Trade and other receivables	2	50,002
Current liabilities		
Borrowings	3, 4	(50,000)
Net assets		**2**
Equity		
Capital and reserves attributable to the Company's equity holders		
Ordinary share capital	4	2
Total equity		**2**

Income statement for the period ended 31 March 2006

The Company did not trade or receive any income, incur any expenses or pay any dividends between its incorporation on 18 February 2005 and 31 March 2006. Consequently, no income statement has been prepared.

Cash flow statement for the period ended 31 March 2006

The Company has no cash, nor have there been any cash flows during the period. Consequently, no cash flow statement has been prepared.

The financial statements on pages 5 to 8 were approved by the board of directors on 4 May 2006 and signed on its behalf by:

Oded Shomroni

O Shomroni
Director

1. Accounting policies

Accounting convention

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards under the historical cost convention.

Financial instruments

The redeemable preference share is carried at amortised cost, in line with the requirements of IAS 39, Financial Instruments: Recognition and Measurement. The redeemable preference share is presented as a financial liability rather than in capital and reserves under IAS 32, Financial Instruments: Disclosure and Presentation.

2. Trade and other receivables

	£
Amounts receivable in respect of redeemable preference share (see note 3 below)	50,000
Amounts receivable in respect of equity share capital (see note 4 below)	2
	50,002

The holder of the £50,000 Redeemable Preference Share has provided the Company with a written undertaking to pay the amount due on the Redeemable Preference Share, resulting in the amount being treated as a receivable.

3. Borrowings

	£
Redeemable preference share	50,000

On 5 December 2005 the Company issued one Redeemable Preference Share of £50,000 which was called up, allotted and fully paid.

The holder of the Redeemable Preference Share is entitled, in priority to the holders of any other class of share in the Company's share capital, to receive out of the profits of the Company available for distribution in respect of each financial year of the Company a fixed non-cumulative preferential dividend ("Redeemable Preference Share Dividend") at the rate of 0.0000001 per cent per annum on the amount for the time being paid up or credited as paid up on the Redeemable Preference Share held by him, accruing on a daily basis and payable in arrears on 31 March. The first such payment is due on 31 March 2006.

On a winding up or other return of capital (other than a redemption or purchase by the Company of its own shares), the holder of the Redeemable Preference Share shall be entitled, in priority to any holder of any other class of shares, to receive an amount equal to the aggregate of the capital paid up on the Redeemable Preference Share together with a sum equal to any arrear of any declared but unpaid Redeemable Preference Share Dividend payable on such share calculated up to and including the date of the commencement of the winding up or (in any other case) the date of the return of capital.

Other than noted above, in relation to the Redeemable Preference Share Dividend and on winding up or other return of capital, the holder of the Redeemable Preference Share is not entitled to any participation in the profits or assets of the Company.

The holder of the Redeemable Preference Share is entitled to receive notice of and to attend any general meeting of the Company but does not have the right to vote in respect of its holding of the Redeemable Preference Share except in certain circumstances. The holder of the Redeemable Preference Share can redeem the Redeemable Preference Share at any time by giving the Company written notice.

The Redeemable Preference Share will be redeemed automatically upon admission of the Company's ordinary share capital to the Official List of the United Kingdom Listing Authority.

4. Share capital

As at 31 March 2006 the authorised and issued share capital was as follows:

Authorised	**£**
350,000,000 ordinary shares of £5 each	1,750,000,000
260,000,000 class B shares of £2 each	520,000,000
400,000,000,000 class A ordinary shares of £0.01 each	4,000,000,000
Total	6,270,000,000
Redeemable preference share	50,000
Called up, allotted and fully paid	
200 class A ordinary shares of £0.01 each	2
Redeemable preference share	50,000

The Company was incorporated as a private limited company, Milescreen Limited, on 18 February 2005 with an authorised share capital of £1,000, comprising a thousand ordinary shares of £1 each, out of which one ordinary share of £1 was called up, allotted and fully paid. On 16 November 2005, Milescreen Limited changed its name to London Stock Exchange Group Limited.

On 5 December 2005 the Company increased its authorised share capital by the creation of £50,000 redeemable preference share capital. On the same date the Company increased its issued ordinary share capital to two ordinary shares of £1 each, which were called up, allotted and fully paid, and issued the £50,000 redeemable preference share discussed in note 3 above. On 7 December 2005 the Company re-registered as a public limited company pursuant to section 43 of the Companies Act 1985 and became the London Stock Exchange Group plc.

On 9 March 2006 the Company reclassified its existing one thousand ordinary shares of £1 each into 100,000 class A ordinary shares of £0.01 each. The Company also resolved to increase its authorised share capital by the creation of 350,000,000 ordinary shares of £5 each, 260,000,000 B shares of £2 each and additional 99,999,900,000 class A ordinary shares of £0.01 each. On 17 March 2006 the Company created a further 300,000,000,000 class A ordinary shares of £0.01 each.

5. Directors' interests in shares

The directors who held office at 31 March 2006 had the following beneficial interests in the equity share capital of London Stock Exchange Group plc

	Date of Appointment No. of shares	31 March 2006 No. of shares
O Shomroni	1	100
C A Thomas	-	100

On 20 October 2005 O Shomroni was appointed director of Milescreen Limited (and acquired the one equity share in issue at that date from Instant Companies Limited, who resigned as director at that date).

Following the change of company name to London Stock Exchange Group Limited on 16 November, O Shomroni was sole shareholder in the Company until 5 December, when C A Thomas acquired a newly issued equity share, prior to the Company re-registering as a public limited company on 7 December 2005.

On 9 March 2006 the Company reclassified its existing ordinary £1 shares into class A ordinary shares of £0.01 each (see Note 4) so that each director now holds 100 class A ordinary shares of £0.01 each.

6. Post balance sheet events

On 19 April 2006 the shareholders of London Stock Exchange plc voted in favour of a Scheme of Arrangement under section 425 CA 1985 as a result of which London Stock Exchange Group plc will issue new ordinary shares of £5.00 and B shares of £2.00 to acquire all of the share capital of London Stock Exchange plc at its market value.

By special resolution of London Stock Exchange Group plc passed on 13 April 2006, it was resolved that, conditional upon the Scheme becoming effective: (i) Exchange Group's ordinary shares of £5.00 issued pursuant to the Scheme will be consolidated and subdivided to an adjusted nominal value determined by reference to the closing price of London Stock Exchange plc ordinary shares on their last day of dealing immediately prior to the Scheme becoming effective, expected to be 12 May 2006; (ii) the nominal value of such ordinary shares will be reduced from such adjusted nominal value to a lower nominal value with the amount reduced being taken to reserves; (iii) the merger reserve created upon the Scheme becoming effective will be capitalised and applied towards paying up class A ordinary shares of £0.01 in London Stock Exchange Group plc and (iv) such class A ordinary shares will be cancelled and extinguished with the amount reduced being taken to reserves.

The Scheme is expected to be sanctioned by the Court on 12 May 2006 and to become effective on 15 May 2006. The reduction of capital of London Stock Exchange Group plc is expected to be confirmed by the Court on 17 May 2005 and to become effective on 18 May 2006.

7. Bank facilities

On 9 February 2006 London Stock Exchange plc entered into agreements with The Royal Bank of Scotland plc and Barclays Capital, for a loan facility amounting to £250 million, and revolving loan facility £200 million. These facilities will become available to London Stock Exchange Group plc after it becomes the holding company of London Stock Exchange plc, and will be available to fund a return of capital to shareholders. The borrowings under the facilities bear interest at a floating rate plus mandatory costs (if any). Repayments under the facilities are to be made on the last day of the relevant interest period(s) and any term loans are to be repaid on the last day of the relevant term out period. A commitment fee is payable on undrawn commitments under the facilities.