

Turquoise Global Holdings Limited
Report and Financial Statements
For the period ended 31 March 2011

Company Registration Number 7102717

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Turquoise Global Holdings Limited

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Turquoise Global Holdings Limited

DIRECTORS AND OFFICERS

DIRECTORS

N Bertrand
K Derhalli
A Farnham
A Krishnan
R Leighton
D Lester
R Mehta
R Semark
A Shagoury
J Vensel
A Yarrow

COMPANY SECRETARY

L M Condron

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

AUDITORS

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

BANKERS

HSBC Bank plc
City of London Branch
60 Queen Victoria Street
London
EC4N 4TR

Turquoise Global Holdings Limited

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the period from 11 December 2009 to 31 March 2011

PRINCIPAL ACTIVITIES

Turquoise Global Holdings Limited (the "Company") was a holding company during the period since its incorporation on 11 December 2009 to 31 March 2011 (the "Financial Period")

The Company and its subsidiary undertakings ("Turquoise" or "the Group") provide electronic execution services for secondary trading of pan-European equities. The Turquoise multilateral trading facility ("MTF") operates uniformly across 15 European markets with a fully risk-managed solution and efficient economics. The Turquoise MTF's integrated market combines dark and visible orders to increase execution and price management for small orders, whilst minimising information leakage and market impact for larger, institutional-size orders. Turquoise also operates TQ Lens, a non-displayed liquidity routing service, which offers clients access to the Turquoise dark pool and certain broker crossing networks.

On 17 February 2010, the Company acquired 100 per cent of Turquoise Trading Limited which, through its subsidiary undertaking Turquoise Services Limited, operated the Turquoise business.

The Company is authorised as a BIPRU investment firm by the Financial Services Authority.

REVIEW OF BUSINESS

This Report and Financial Statements represent the first set produced by the Company since its incorporation on 11 December 2009. As such no comparatives are shown.

The Company was incorporated as Baikal Global Holdings Limited. On 13 May 2010, the Company changed its name to Turquoise Global Holdings Limited.

During the period, the Group reported a loss, though made significant progress in the period in improving its product offering through delivery of a leading trading system and, with Turquoise Services Limited, increasing its revenues while reducing its cost base.

FUTURE DEVELOPMENTS

In February 2011, the Company's ultimate parent company, London Stock Exchange Group plc (the "Ultimate Parent") confirmed that it is to build its pan-European derivatives business through the creation of 'Turquoise Derivatives'. This new business will combine Turquoise with the Ultimate Parent's existing successful derivatives market, EDX London Limited, and will utilise TMX Group's market leading derivatives trading technology, SOLA, already being used by EDX London Limited.

On 1 April 2011, the Company acquired the operating business of Turquoise Services Limited, and on 1 May 2011, the Company acquired the operating business of EDX London Limited. The Company has become the ongoing regulated operating business which will develop the equities and derivatives businesses.

DIVIDENDS

The Directors have not recommended a dividend.

DIRECTORS AND DIRECTORS' INTERESTS

The following Directors have held office during the Financial Period:

K Derhalli	(appointed 17 February 2010)
A Farnham	(appointed 17 February 2010)
A Krishnan	(appointed 17 February 2010)
R Leighton	(appointed 17 February 2010)
D Lester	(appointed 17 February 2010)
R Mehta	(appointed 17 February 2010)
X Rolet	(appointed 17 February 2010)
R Semark	(appointed 17 February 2010)
A Shagoury	(appointed 17 February 2010)
J Vensel	(appointed 17 February 2010)
A Yarrow	(appointed 17 February 2010)

Turquoise Global Holdings Limited

DIRECTORS' REPORT

L Condron
C Johnson

(appointed 11 December 2009, resigned 17 February 2010)
(appointed 11 December 2009, resigned 17 February 2010)

In addition, N Bertrand was appointed Director on 6 April 2011, whilst X Rolet resigned as Director on 6 April 2011

None of the Directors had any interest in the shares of the Company

EMPLOYEES

Information on the Group's employment policies is given in the "Review of the business" section of the Ultimate Parent's Annual Report and Accounts to 31 March 2011, which does not form part of this report. The Group also provides an induction programme for new employees, including training on health and safety, and a range of development programmes for all staff to develop their skills and knowledge. The Group encourages and assists the employment, training and retention of disabled people. Where changes to working practices or structure affect staff, they are consulted and given appropriate support.

All employees are provided with information on matters of concern to them in their work, through regular briefing meetings and internal publications.

The Company had no employees during the Financial Period.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is the Group's policy to agree payment terms with suppliers when business transactions are negotiated and to make payments in accordance with those terms when goods have been satisfactorily supplied. The creditor days based on the aggregate of the amounts owed to trade creditors at the end of the Financial Period and the operational costs of the Group was 18 days.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is subject to a variety of foreseeable and unforeseeable risks and uncertainties which may have an impact on the Group's ability to execute its strategy and deliver its expected performance. The identification, assessment and management of these risks are central to the Group's operating framework. The risk management framework is described in the Corporate Governance section of the Ultimate Parent's Annual Report and Accounts to 31 March 2011, which does not form part of this report. In addition to the principal market and operational risks below, the Group is exposed to financial risks that are detailed on pages 13 and 14.

The Group's principal market risks are considered to arise from clients and competition (with client alignment paramount to the successful operation and growth of our business), the changing regulatory environment and the macro economic environment (unfavourable tax regimes or the changing regulatory environment may reduce the attractiveness of London as a major financial centre).

The Group's principal operational risks are considered to arise from change management (with the Group having a number of major, complex projects and initiatives underway concurrently), the Group's ability to attract and retain high quality employees, the Group's dependency on having secure premises and uninterrupted operation of its IT systems and infrastructure, and the Group's businesses and major revenue streams being highly dependent on secure and stable technology performing to high levels of availability and throughput.

Further details of the Group's principal risks and uncertainties are described in the "Review of the business" section of the Ultimate Parent's Annual Report and Accounts to 31 March 2011, which does not form part of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

Turquoise Global Holdings Limited

DIRECTORS' REPORT

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state that the financial statements comply with IFRSs as adopted by the European Union, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Group's website and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GOING CONCERN

The Directors have reviewed the Company's and Group's forecasts and projections, taking into account reasonably possible changes in trading performance and proposed plans for raising capital from shareholders which together show that the Company and Group are expected to have sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE AND TRANSPARENCY RULES

Each of the Directors, whose names are listed in Directors' Report confirm that, to the best of each person's knowledge and belief

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Company and the Group, and of the loss of the Group, and
- the Directors' report contained in the Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces

AUDITORS

In the case of each of the persons who are Directors of the Company at the date when this report was approved

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.



By order of the Board
Adrian Farnham
Chief Executive Officer
28 June 2011

REGISTERED OFFICE
10 Paternoster Square, London, EC4M 7LS

Turquoise Global Holdings Limited
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TURQUOISE GLOBAL HOLDINGS LIMITED
Period ended 31 March 2011

We have audited the group and parent company financial statements of Turquoise Global Holdings Limited for the period from 11 December 2009 to 31 March 2011 which comprise the Consolidated Income Statement, the group and parent company Balance Sheets, the group and parent company Cash Flow Statements, the group and parent company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2011 and of the group's loss and the group and the parent company's loss and cash flows for the period then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements which explains that the directors have reviewed the Company's and Group's forecasts and projections, taking into account reasonable possible changes in trading performance, and proposed plans for raising capital from shareholders. Accordingly, the directors intend to raise capital from the existing shareholders for additional funding to cover eventual funding requirements that the Company and Group may face in the next 12 months to continue its operations, and accordingly, to adopt the going concern basis in preparing the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Alison Morris
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 June 2011

Turquoise Global Holdings Limited
CONSOLIDATED INCOME STATEMENT
 Period ended 31 March 2011

CONSOLIDATED INCOME STATEMENT

	Notes	2011 £000
Continuing operations		
Revenue	4	10,850
Cost of sales		(6,327)
Gross profit		4,523
Expenses		
Administrative expenses before non-recurring items	5	(16,834)
Acquisition amortisation and non-recurring expenses	5,8	(7,453)
Total expenses	5	(24,287)
Operating loss		(19,764)
Analysed as		
Operating loss before non-recurring items		(12,311)
Acquisition amortisation and non-recurring items		(7,453)
Operating loss		(19,764)
Finance income	9	42
Loss before taxation		(19,722)
Taxation	10	1,944
Loss for the financial period		(17,778)

There are no items of income or expenditure other than those included within the income statement for the period ended 31 March 2011

Turquoise Global Holdings Limited
BALANCE SHEETS
As at 31 March 2011

		Group	Company
		2011	2011
	Notes	£000	£000
ASSETS			
Non-current assets			
Property, plant and equipment	12	59	-
Intangible assets	13	12,522	-
Investments in subsidiary undertakings	14	-	36,240
Deferred tax assets	15	482	-
Other non-current assets		315	-
		13,378	36,240
Current assets			
Trade and other receivables	16	4,803	91
Cash and cash equivalents	18	7,002	201
		11,805	292
Total assets		25,183	36,532
LIABILITIES			
Current liabilities			
Trade and other payables	17	(7,646)	(16,898)
Non-current liabilities			
Deferred tax liabilities	15	(381)	-
Total liabilities		(8,027)	(16,898)
Net assets		17,156	19,634
EQUITY			
Ordinary share capital	19	11,000	11,000
Merger reserve		8,934	8,934
Capital contribution reserve		15,000	15,000
Retained losses		(17,778)	(15,300)
Total equity		17,156	19,634

The financial statements on pages 7 to 25 were approved by the Board on 8 June 2011 and signed on its behalf by



Adrian Farnham
Chief Executive Officer
Turquoise Global Holdings Limited

Registered number 7102717

Turquoise Global Holdings Limited

CASH FLOW STATEMENTS

Period ended 31 March 2011

		Group	Company
		2011	2011
	Notes	£000	£000
Cash flow from operating activities			
Cash (absorbed by)/generated from operations	20	(11,964)	3,563
Interest received		42	1
Interest paid		-	(639)
Corporation tax paid		-	-
Net cash (outflow)/inflow from operating activities		(11,922)	2,925
Cash flow from investing activities			
Dividends received		-	1,000
Purchase of intangible assets		(1,988)	-
Investment in subsidiaries		(2,724)	(32,058)
Net cash inflow from acquisitions		8,636	-
Net cash inflow/(outflow) from investing activities		3,924	(31,058)
Cash flow from financing activities			
Loan from subsidiary company		-	13,334
Capital contribution from Parent company		15,000	15,000
Net cash inflow from financing activities		15,000	28,334
Increase in cash and cash equivalents		7,002	201
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period	18	7,002	201

Turquoise Global Holdings Limited
STATEMENTS OF CHANGES IN EQUITY
Period ended 31 March 2011

Attributable to equity holders of the Group					
	Ordinary share capital £000	Retained losses £000	Merger reserve £000	Capital Contribution Reserve £000	Total attributable to equity holders £000
Issue of shares	11,000	-	8,934	15,000	34,934
Loss for the financial period	-	(17,778)	-	-	(17,778)
31 March 2011	11,000	(17,778)	8,934	15,000	17,156

Attributable to equity holders of the Company					
	Ordinary share capital £000	Retained losses £000	Merger reserve £000	Capital Contribution Reserve £000	Total attributable to equity holders £000
Issue of shares	11,000	-	8,934	15,000	34,934
Loss for the financial period	-	(15,300)	-	-	(15,300)
31 March 2011	11,000	(15,300)	8,934	15,000	19,634

Turquoise Global Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2011

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company's and Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") 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 IFRSs

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies

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

The Directors have reviewed the Company's and Group's forecasts and projections, taking into account reasonably possible changes in trading performance and proposed plans for raising capital from shareholders which together show that the Company and Group are expected to have sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

1.1 RECENT ACCOUNTING DEVELOPMENTS

The following standards, amendments and interpretations have been issued by the International Accounting Standards Board and with an effective date, subject to EU endorsement, that does not impact on these financial statements

	Effective date for periods beginning on or after
IFRS 9 'Financial Instruments',	1 January 2013
IAS 24 'Related Party Disclosures',	1 January 2011
IFRIC 14 'Prepayments of a Minimum Funding Requirement',	1 January 2011
IFRIC 18 'Transfers of Assets from Customers', and	1 July 2010
IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'	1 July 2010

1.2 CONSOLIDATION

The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries with all intercompany balances and transactions eliminated. The results of subsidiaries sold or acquired are included in the income statement up to, or from, the date that control passes. As permitted by Section 408 of the Companies Act 2006, the Company's Income Statement and Statement of Comprehensive Income has not been included in these financial statements. The Company's comprehensive income for the period is disclosed within the statement of changes in equity

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Adjustments to fair values include those made to bring accounting policies into line with those of the Group

Investments in subsidiaries are accounted for in the Company's financial statements at cost less accumulated impairment losses

Turquoise Global Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2011

13 REVENUE

Revenue, which is derived from the provision of electronic execution services for secondary trading of pan-European equities, is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes

Revenue is recognised in the period when the service or supply is provided

14 NON-RECURRING ITEMS

Items of income and expense that are material by size and/or nature and are non-recurring are classified as non-recurring items on the face of the Income Statement within their relevant category. The separate reporting of these items helps give an indication of the Group's underlying performance

15 FOREIGN CURRENCIES

The consolidated financial statements are presented in Sterling, which is the Company's and Group's presentational and functional currency

Foreign currency transactions are converted into the functional currency using the rate ruling at the date of the transaction or at the monthly average as a proxy. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

16 FINANCE INCOME AND EXPENSE

Finance income and expense comprises interest earned on cash deposited with financial counterparties and interest paid on borrowings which reflect the agreed market-based or contractual rate for each transaction undertaken during the period

17 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are included in the financial statements at cost less accumulated depreciation and any provision for impairment

Fixed plant and plant and equipment are stated at cost and are depreciated to residual value on a straight line basis over the estimated useful economic lives of the assets, which are as follows

- a) Fixed plant – five to 20 years
- b) Plant and equipment – three to 15 years

18 INTANGIBLE ASSETS

Goodwill arising on the acquisition of subsidiaries represents the excess of consideration paid over the fair value of the Group's share of net identifiable assets purchased. It is not amortised but is tested for impairment annually and when there are indications that the carrying value may not be recoverable, and is carried at cost less accumulated impairment losses

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, licences and software intellectual property, all of which are recorded as intangible assets and held at cost less accumulated amortisation and impairment. These assets are amortised on a straight line basis over their useful economic lives, which do not normally exceed 25 years or the term of the licence. The amortisation period and method are reviewed and adjusted, as appropriate, at each balance sheet date

Third party software costs for the development and implementation of systems which enhance the services provided by the Group are capitalised and amortised over their estimated useful economic lives of three years

Turquoise Global Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2011

Internal product development expenditure is capitalised if the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources to complete the development and to use or sell the asset. The assets are recorded at cost including labour, directly attributable costs and any third party expenses, and amortised over useful economic lives of three years.

1 9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

A subsidiary is an entity in which the Company has power to control the financial and operating policies so as to obtain benefits from its activities. Investments in subsidiaries are stated in the Company's financial statements at cost less impairment losses, if any. On disposal, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

1 10 CURRENT AND DEFERRED TAXATION

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Full provision is made, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is determined using tax rates that are substantially enacted at the balance sheet date and are expected to apply when the asset is realised or liability settled. Deferred tax assets are recognised to the extent it is probable that they will be recoverable against future taxable profits.

1 11 FINANCIAL ASSETS

The Group classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

1 12 TRADE RECEIVABLES

Trade receivables are non-interest bearing and are stated at their fair value which is usually the original invoiced amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the portion deemed recoverable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement.

1 13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and term deposits that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's risk management programme seeks to minimise potential adverse effects on its financial performance whilst fulfilling its regulatory obligations.

2 1 MARKET RISK

The Group operates predominantly in the UK and is exposed to foreign exchange risk arising from currency exposures, principally between Sterling and the Euro. No foreign exchange hedging has been entered into.

Turquoise Global Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2011

2.2 CREDIT RISK

Credit risk is the risk that the Group's counterparties will be unable to meet their obligations to the Group either in part or in full and arises from credit exposures to customers as well as on cash, deposits and derivative financial instruments with banks and financial institutions

Credit risk is controlled through policies developed both at a London Stock Exchange Group level and with regulators. Credit risk is managed by depositing funds with counterparties of high quality in accordance with London Stock Exchange Group approved policy. This involves managing the credit risk of cash and cash equivalents by limiting the exposure of London Stock Exchange Group in aggregate to £25 million with counterparties who have a minimum long term rating of Aa3 (per Moody's)

The Group assesses the credit quality of its customers, taking into account their financial position and considering past experience and other factors. Trade receivables, net of impairment, are concentrated in the financial community, and are managed as one class of receivables. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers and, generally, a low historic incidence of customer defaults. Given this, and the recurring nature of the billing and collection arrangements, management assesses the credit quality of the Group's customers as high.

2.3 LIQUIDITY RISK

The Group is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations. The Group maintains sufficient cash and marketable securities together with the availability of funding through adequate committed credit facilities to meet all its financial obligations as they fall due.

The Group's liquidity is managed by London Stock Exchange Group. Management monitors forecasts of the Group's liquidity, prepared to reflect expected cash flow, and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions. Liquidity risk is managed by depositing funds with counterparties of high quality in accordance with London Stock Exchange Group approved policy.

No separate analyses has been prepared to split the Company's or Group's financial liabilities into relevant maturity groupings because all liabilities are expected to be paid, based upon their contractual maturity date, within one year.

2.4 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure it will be able to continue as a going concern. The capital structure of the Group consists of equity, comprising issued share capital, merger reserve, reserves and retained earnings as disclosed in the Balance Sheet and in note 19.

The Group is required to maintain certain levels of liquidity for regulatory and operational purposes. These requirements are agreed with the Financial Services Authority. As at 31 March 2011 the Group held deposits which exceeded the minimum regulatory capital required.

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

The critical judgements and estimates made in the preparation of these financial statements are set out below. The actual outcome may be materially different from that anticipated.

- a) Goodwill is tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future performance and estimates of the return required by shareholders to determine an appropriate discount rate.
- b) Purchased intangible assets are valued on acquisition using appropriate methodologies and amortised over their estimated useful economic lives. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets is realised.
- c) Estimates are required in determining the provision for corporation taxes. The Group recognises liabilities for the estimated tax charge at the period end and where the final tax liability is different from that estimate, such differences are reflected in the period in which such determination is made, and

Turquoise Global Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2011

- d) The determination in the financial statements of the value of subsidiary undertakings is based on their forecast cash flows and an appropriate discount rate. The basis of such values cannot be precise and is subject to market variations in both cases.

4 REVENUE

	2011 £000
Integrated trading	8,010
Mid-point trading	2,652
Other	188
Total	10,850

The principal operations and customers of the Group are in the United Kingdom and Europe. Therefore no further information on business or geographical segments is disclosed.

5 EXPENSES BY NATURE

	2011 £000
Administrative expenses comprise the following	
Employee costs (see note 6)	2,612
Property costs	559
Depreciation and amortisation	1,742
IT costs	8,368
Other costs	3,553
Non-recurring items (see note 8)	7,453
Total administrative expenses	24,287

Turquoise Global Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2011

6 EMPLOYEE COSTS

	2011 £000
Employee costs comprise the following	
Salaries and other short term benefits	1,918
Social security costs	338
Pension costs	300
Other costs	56
Total	2,612

	2011
The number of employees in the Group was	
Operations	20
At period end	20
Average for the period	25

7 DIRECTORS' EMOLUMENTS

	2011 £000
The Directors' aggregate emoluments in respect of qualifying services were	
Emoluments received	458
Benefits	3
Value of contributions to money purchase schemes	24
Total	485

During the period one Director had retirement benefits accruing under money purchase pension schemes

Turquoise Global Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
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	2011 £000
The emoluments of Directors disclosed above includes the following amounts for the highest paid Director	
Emoluments received	402
Benefits	3
Value of contributions to money purchase schemes	24
Total	429

The highest paid Director has not exercised any share options of London Stock Exchange Group plc, the ultimate parent of the Company, during the period

8 AMORTISATION OF PURCHASED INTANGIBLE ASSETS AND NON-RECURRING ITEMS

	2011 £000
Amortisation of purchased intangible assets	246
Contract termination costs	5,481
Restructuring costs	1,324
Other non-recurring items	402
Total charge to income statement	7,453

9 NET FINANCE INCOME

	2011 £000
Finance income	
Bank deposit and other interest income	42
Net finance income	42

Turquoise Global Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2011

10 TAXATION

	2011 £000
Taxation credited to the income statement	
Current tax	
Corporation tax for the year at 28% - Consortia Relief	1,985
Adjustment in respect of previous years	(556)
	1,429
Deferred taxation (see note 15)	
Deferred tax for the current year	113
Adjustment in respect of previous years	402
Taxation credit	1,944

The adjustments in respect of previous periods' corporation tax are mainly in respect of tax returns of subsidiary undertakings agreed with relevant tax authorities

Factors affecting the tax credit for the period

The reconciling items between the profits multiplied by the UK rate of corporation tax, 28%, and the income statement tax credit for the period are explained below

	2011 £000
Loss before taxation	(19,722)
Loss multiplied by standard rate of corporation tax in the UK at 28%	5,522
Expenses disallowed for tax purposes	(1,436)
Adjustment in respect of previous years	(154)
Losses not recognised	(1,988)
Taxation credit	1,944

11 DIVIDENDS

No dividend has been proposed or paid for the period

Turquoise Global Holdings Limited
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12 PROPERTY, PLANT & EQUIPMENT

	Land & Buildings Leasehold £000	Computer Equipment £000	Total £000
Cost			
Acquisition of subsidiaries	42	881	923
31 March 2011	42	881	923
Depreciation			
Depreciation charge for the period	-	864	864
31 March 2011	-	864	864
Net book value			
31 March 2011	42	17	59

The Company has no property, plant and equipment

13 INTANGIBLE ASSETS

	Goodwill £000	Software £000	Purchased Intangible Assets £000	Total £000
Cost				
Additions	-	1,988	-	1,988
Acquisition of subsidiaries	7,377	944	3,337	11,658
31 March 2011	7,377	2,932	3,337	13,646
Depreciation				
Amortisation for the period	-	878	246	1,124
31 March 2011	-	878	246	1,124
Net book value				
31 March 2011	7,377	2,054	3,091	12,522

Purchased intangible assets primarily comprise customer relationships

The Company has no intangible assets

Turquoise Global Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2011

Impairment tests for goodwill

Goodwill has been allocated, for impairment testing purposes, to Turquoise Services Limited, which constitutes a cash generating unit

The carrying value as at 31 March 2011 of goodwill associated with Turquoise Services Limited was tested for potential impairment by calculating the value in use of Turquoise Services Limited using discounted cash flow projections prepared by management covering the five year period ending 31 March 2016. Cash flows beyond this period were extrapolated using an estimated long term growth rate of 3.4 per cent, which represents management's internal forecast based on external estimates of GDP and inflation for the ten year period 1 January 2006 to 31 December 2015, and does not exceed the UK long term average growth rate

A pre-tax discount rate of 15.5 per cent, applied to the cash flow projections, is based on a number of factors including the UK risk free rate, the Group's estimated market risk premium and a premium to reflect the inherent risks of the business. In addition to the long term growth rate and discount rate, the value in use calculation is based on key assumptions about short and medium term revenue and cost growth. These assumptions reflect current trends, anticipated market developments, discussions with customer and suppliers and management's experience

Management believes goodwill allocated to Turquoise Services Limited is unlikely to be impaired under any reasonable changes to key assumptions

14 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares £000	Cash £000	Capital movements £000	Total £000
Company				
11 December 2009				
Acquisitions	19,934	16,058	16,000	51,992
Impairment charge	(15,752)	-	-	(15,752)
31 March 2011	4,182	16,058	16,000	36,240

	Principal activity	Country of incorporation	Country of principal operations	% Equity and votes held
Turquoise Trading Limited	Non trading	United Kingdom	United Kingdom	100%
Turquoise Services Limited	Multilateral trading facility	United Kingdom	United Kingdom	100%
Baikal Global Limited	Non trading	United Kingdom	United Kingdom	100%

During the period, the Company acquired 100 per cent of the share capital of Turquoise Trading Limited, Turquoise Services Limited and Baikal Global Limited. During the period, the Company recognised an impairment charge relating to its investments in Turquoise Trading Limited and Baikal Global Limited

On 1 April 2011, the Company acquired the operating business of Turquoise Services Limited. Consequently, Turquoise Services Limited is now a non-trading company. Turquoise Services Limited was deauthorised as a BIPRU investment firm on 8 June 2011

Turquoise Global Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
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15 DEFERRED TAX

The movements in deferred tax assets and liabilities during the period are shown below

	Accelerated tax depreciation £000	Acquisition deferred tax and amortisation £000	Total £000
Acquisition of subsidiaries	-	(414)	(414)
Tax credited to the income statement during the period	482	33	515
Deferred tax assets/(liabilities) at 31 March 2011	482	(381)	101

The deferred tax asset is recoverable against future taxable profits and is due after more than one year

16 TRADE AND OTHER RECEIVABLES

	Group 2011 £000	Company 2011 £000
Trade receivables	1,018	-
Amounts due from companies under common control	306	-
Corporation tax - Consortia/Group relief receivable on surrender of tax losses	1,914	91
Other receivables	1,275	-
Prepayments and accrued income	290	-
Total trade and other receivables	4,803	91

The carrying values less impairment provision of trade and other receivables are reasonable approximations of fair values. Trade receivables not past due are not considered to be impaired.

The ageing of past due debtors is as follows

	Group 2011		Company 2011	
	Impaired £000	Not impaired £000	Impaired £000	Not impaired £000
0 to 3 months past due	-	317	-	-
Greater than 3 months past due	-	96	-	-
Total past due	-	413	-	-

Turquoise Global Holdings Limited
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The carrying amounts of the Company's trade and other receivables are denominated in the following currencies

	Group 2011 £000	Company 2011 £000
Sterling	4,389	91
Euro	414	-
Total trade and other receivables	4,803	91

17 TRADE AND OTHER PAYABLES

	Group 2011 £000	Company 2011 £000
Trade payables	445	-
Amounts owed to ultimate parent company and companies under common control	4,771	2,724
Amounts owed to subsidiary undertakings	-	14,174
Accrued expenditure and deferred income	2,169	-
Social security and other taxes	261	-
Total trade and other payables	7,646	16,898

The carrying amount of trade and other payables are reasonable approximations of fair value

18 CASH AND CASH EQUIVALENTS

	Group 2011 £000	Company 2011 £000
Cash at bank	2,352	201
Short term deposits	4,650	-
Total cash and cash equivalents	7,002	201

Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no differences between their book and fair values

19 ORDINARY SHARE CAPITAL

	Group 2011		Company 2011	
	Thousands	£000	Thousands	£000
Issued, called up and fully paid				
Ordinary shares of £1 each	11,000	11,000	11,000	11,000

Turquoise Global Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
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20 NET CASH FLOW GENERATED FROM OPERATIONS

	Group 2011 £000	Company 2011 £000
Loss before taxation	(19,722)	(15,390)
Depreciation and amortisation	1,988	-
Impairment of investment in subsidiaries	-	15,752
Finance income	(42)	(1,001)
Finance expense	-	639
Decrease in trade and other receivables	5,558	-
Increase in trade and other payables	254	3,563
Cash (absorbed by)/generated from operations	(11,964)	3,563

21 COMMITMENTS AND CONTINGENT LIABILITIES

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were both £nil

22 BUSINESS COMBINATIONS

On 17 February 2010, the Group acquired 100 per cent of the issued share capital of Turquoise Trading Limited, which in turn owned 100 per cent of the issued share capital of Turquoise Services Limited, for consideration (including acquisition costs) of £16.1 million, giving rise to goodwill of £7.4 million

The assets and liabilities arising at the acquisition date were as follows

	Book value £m	Fair value adjustment £m	Total £m
Non-current assets			
Intangible assets	0.9	3.3	4.2
Property, plant and equipment	0.9	-	0.9
Other non-current assets	0.7	-	0.7
Current assets			
Cash and cash equivalents	5.1	-	5.1
Other current assets	2.3	-	2.3
Current liabilities			
Other current liabilities	(4.1)	-	(4.1)
Non-current liabilities			
Deferred tax liability	-	(0.4)	(0.4)
Net assets	5.8	2.9	8.7
Goodwill	-	7.4	7.4
Total consideration	5.8	10.3	16.1
Satisfied by			
Cash (including transaction fees)			2.7
Shares			13.4
			16.1

Turquoise Global Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

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The £3.3 million of intangible assets arising on consolidation represents £2.3 million of customer relationships, £0.1 million of brands and £0.9 million of licences. The fair values of these purchased intangible assets are being amortised over their useful economic lives, which do not normally exceed 25 years. The goodwill of £7.4 million arising on consolidation represents the future synergies with the Group and the growth potential and its assembled workforce.

23 TRANSACTIONS WITH RELATED PARTIES

Directors

During the period, no contracts of significance were entered into by the Group in which the Directors had a material interest.

Key management compensation

Compensation for Directors of the Company and key personnel who have authority for planning, directing and controlling the Group.

	2011 £000
Emoluments received	808
Benefits	23
Value of contributions to money purchase schemes	38
Total	869

Transactions with companies under common control

As at 31 March 2011, the amount due to the Company's ultimate parent company and companies under common control, which arose in relation to the acquisition of the Company's subsidiary undertakings, was £2,724,000. There were no outstanding balances with the Company's parent company as at 31 March 2011.

Transactions with subsidiary undertakings

As at 31 March 2011, the amount due to the Company's subsidiary undertakings, which arose in relation to the Company's acquisition of Turquoise Services Limited, was £14,174,000.

24 POST BALANCE SHEET EVENTS

On 1 April 2011, the Company acquired the operating business of Turquoise Services Limited, and on 1 May 2011, the Company acquired the operating business of EDX London Limited.

25 ULTIMATE PARENT COMPANY

As at 31 March 2011, the Company's ultimate parent undertaking and the parent that headed the largest group of undertakings for which consolidated financial statements were prepared was London Stock Exchange Group plc. The Company's parent is London Stock Exchange Group Holdings (R) Limited. Both companies are incorporated in Great Britain. Fifty-one per cent of the issued share capital of the Company was beneficially owned by its ultimate parent undertaking.

A copy of the London Stock Exchange Group plc consolidated accounts can be obtained from London Stock Exchange Group plc, 10 Paternoster Square, London EC4M 7LS.

Turquoise Global Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2011

26 OTHER STATUTORY INFORMATION

Auditors' remuneration payable to PricewaterhouseCoopers LLP and its associates comprises the following

	2011 £000
Audit of parent company and consolidated accounts	40
Audit of subsidiary companies	57
	97

Audit of subsidiary companies includes £5,000 for the Group's post acquisition share of the audit fee in relation to Baikal Global Limited for the year ended 31 March 2010