

Interim Consolidated Financial Statements of

TMX GROUP INC.

Three months ended March 31, 2009 and 2008

(in thousands of Canadian dollars, unless otherwise stated)

(Unaudited)

TMX GROUP INC.

Interim Consolidated Balance Sheets
(In thousands of Canadian dollars)
(Unaudited)

	March 31, 2009	December 31, 2008 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 78,980	\$ 102,442
Marketable securities	114,366	96,251
Restricted cash	1,221	1,454
Accounts receivable	79,624	63,722
Energy contracts receivable	669,017	976,431
Fair value of open energy contracts	174,783	155,331
Daily settlements and cash deposits	367,538	497,312
Prepaid expenses	9,201	9,050
Income taxes recoverable	1,136	-
Future income tax assets	33,944	34,030
	1,529,810	1,936,023
Premises and equipment	24,993	27,505
Future income tax assets	133,959	132,499
Other assets	20,726	21,105
Investment in affiliate	12,495	12,424
Intangible assets	891,879	891,976
Goodwill	654,906	650,554
Total Assets	\$ 3,268,768	\$ 3,672,086
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 46,686	\$ 59,528
Energy contracts payable	669,017	976,431
Fair value of open energy contracts	174,783	155,331
Daily settlements and cash deposits	367,538	497,312
Deferred revenue	57,450	12,353
Deferred revenue – initial and additional listing fees	70,980	69,540
Fair value of interest rate swaps (note 5)	1,254	1,787
Income taxes payable	-	13,522
	1,387,708	1,785,804
Accrued employee benefits payable	13,063	12,916
Future income tax liabilities	221,869	221,101
Other liabilities	21,802	17,265
Deferred revenue	884	718
Deferred revenue – initial and additional listing fees	383,008	383,315
Fair value of interest rate swaps (note 5)	10,296	10,690
Term loan (note 4)	428,462	428,278
Total Liabilities	2,467,092	2,860,087
Non-controlling Interests	16,308	17,370
Shareholders' Equity:		
Share capital (note 6)	1,069,893	1,084,399
Share option plan (note 7)	6,818	5,969
Deficit	(321,060)	(319,843)
Accumulated other comprehensive income	29,717	24,104
Total Shareholders' Equity	785,368	794,629
Total Liabilities and Shareholders' Equity	\$ 3,268,768	\$ 3,672,086

See accompanying notes to interim consolidated financial statements.

TMX GROUP INC.

Interim Consolidated Statements of Income
(In thousands of Canadian dollars, except per share amounts)
(Unaudited)

	Three months ended	
	March 31,	
	2009	2008
Revenue:		
Issuer services	\$ 34,937	\$ 37,639
Trading, clearing and related	58,933	42,024
Market data	37,956	29,120
Business services and other	3,983	3,570
Total revenue	135,809	112,353
Expenses:		
Compensation and benefits	33,651	23,411
Information and trading systems	11,155	7,158
General and administration	17,278	10,240
Amortization	7,729	4,194
Total operating expenses	69,813	45,003
Income from operations	65,996	67,350
Income from investment in affiliate	71	131
Investment income	1,570	4,446
Interest expense	(2,081)	(3)
Mark to market on interest rate swaps (note 5)	(916)	-
Other acquisition related expenses	-	(15,152)
Income before income taxes	64,640	56,772
Income taxes	20,149	24,026
Net income before non-controlling interests	44,491	32,746
Non-controlling interests	1,573	-
Net income	\$ 42,918	\$ 32,746
Earnings per share (note 8):		
Basic	\$ 0.58	\$ 0.49
Diluted	\$ 0.58	\$ 0.49

See accompanying notes to interim consolidated financial statements.

TMX GROUP INC.

Interim Consolidated Statements of Comprehensive Income
(In thousands of Canadian dollars)
(Unaudited)

	Three months ended	
	2009	March 31, 2008
Net income	\$ 42,918	\$ 32,746
Other comprehensive income		
Unrealized gain on translating financial statements of self-sustaining foreign operations	5,613	–
Comprehensive income	\$ 48,531	\$ 32,746

See accompanying notes to interim consolidated financial statements.

TMX GROUP INC.

Interim Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)
(Unaudited)

	Three months ended	
	March 31,	
	2009	2008
Common shares:		
Balance, beginning of period	\$ 1,084,399	\$ 379,370
Proceeds from options exercised	31	5,729
Cost of exercised options	38	1,427
Purchased under normal course issuer bid (note 6)	(14,575)	-
Balance, end of period	1,069,893	386,526
Share option plan:		
Balance, beginning of period	5,969	5,060
Cost of exercised options	(38)	(1,427)
Cost of share option plan	887	446
Balance, end of period	6,818	4,079
Deficit:		
Balance, beginning of period	(319,843)	(212,520)
Net income	42,918	32,746
Dividends on common shares	(28,275)	(25,188)
Shares purchased under normal course issuer bid (note 6)	(15,860)	-
Balance, end of period	(321,060)	(204,962)
Accumulated other comprehensive income:		
Balance, beginning of period	24,104	-
Unrealized gain on translating financial statements of self-sustaining foreign operations	5,613	-
Balance, end of period	29,717	-
Shareholders' equity, end of period	\$ 785,368	\$ 185,643

See accompanying notes to interim consolidated financial statements.

TMX GROUP INC.

Interim Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)
(Unaudited)

	Three months ended	
	2009	March 31, 2008
Cash flows from (used in) operating activities:		
Net income	\$ 42,918	\$ 32,746
Adjustments to determine net cash flows:		
Amortization	7,729	4,194
Unrealized loss (gain) on marketable securities	630	(802)
(Income) from investment in affiliate	(71)	(131)
Cost of share option plan	887	446
Amortized financing fees	184	–
Non-controlling interests	1,573	–
Unrealized (gain) on interest rate swaps (note 5)	(928)	–
Unrealized foreign exchange (gain)	(36)	–
Future income taxes	(944)	(393)
Accounts receivable and prepaid expenses	(15,772)	(9,704)
Other assets	379	(802)
Accounts payable and accrued liabilities	(12,286)	(5,860)
Long-term accrued and other liabilities	4,684	(8,089)
Deferred revenue	46,396	67,338
Income taxes	(14,658)	(11,330)
	60,685	67,613
Cash flows from (used in) financing activities:		
Restricted cash	233	–
Proceeds from exercised options	31	5,729
Dividends on common shares	(28,275)	(25,188)
Shares purchased under normal course issuer bid (note 6)	(30,435)	–
Dividends paid to non-controlling interests	(3,193)	–
	(61,639)	(19,459)
Cash flows from (used in) investing activities:		
Additions to premises and equipment	(386)	(1,359)
Additions to intangible assets	(3,406)	(1,397)
Marketable securities	(18,745)	(35,122)
Cost of acquisitions, net of cash acquired	(647)	–
	(23,184)	(37,878)
Unrealized foreign exchange gain on cash and cash equivalents held in foreign subsidiaries	676	–
(Decrease) increase in cash and cash equivalents	(23,462)	10,276
Cash and cash equivalents, beginning of period	102,442	53,398
Cash and cash equivalents, end of period	\$ 78,980	\$ 63,674
Supplemental cash flow information:		
Interest paid	\$ 1,795	\$ 3
Interest received	\$ 2,169	\$ 3,612
Income taxes paid	\$ 36,178	\$ 35,956

See accompanying notes to interim consolidated financial statements.

TMX GROUP INC.

Notes to Interim Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts)

Three months ended March 31, 2009 and 2008
(Unaudited)

1. Basis of presentation:

The unaudited interim consolidated financial statements (the “financial statements”) have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”) and the requirements of The Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1751, “Interim Financial Statements”. The financial statements include the accounts of TMX Group Inc. and its wholly-owned subsidiaries, TSX Inc. (“TSX”), Montréal Exchange Inc. (“MX”) from May 1, 2008, Natural Gas Exchange Inc. (“NGX”), Shorcan Brokers Limited (“Shorcan”), The Equicom Group Inc. (“Equicom”), CDEX Inc. (“CDEX”), and the wholly-owned or controlled subsidiaries of TSX, MX, and NGX, collectively referred to as the “Company”. These financial statements do not contain all disclosures required by Canadian GAAP for annual financial statements, and accordingly, the financial statements should be read in conjunction with the most recently prepared audited annual financial statements of the Company for the year ended December 31, 2008, contained in our 2008 Annual Report.

The preparation of the financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

2. Changes in accounting policies:

These financial statements follow the same accounting policies and their methods of application as the Company’s audited consolidated financial statements for the year ended December 31, 2008, except as described below.

(a) Goodwill and intangible assets:

Effective January 1, 2009, the Company adopted CICA Handbook Section 3064, “Goodwill and Intangible Assets”, which replaces CICA Handbook Section 3062, “Goodwill and Other Intangible Assets” as well as CICA Handbook Section 3450, “Research and Development”. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets, and has been applied retrospectively. Implementation of this new standard had no significant impact on the Company’s financial statements and disclosures.

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(b) Future accounting changes:

(i) International Financial Reporting Standards (“IFRS”):

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company’s reporting for the first quarter of 2011, for which the current and comparative information will be prepared under IFRS.

The Company commenced its IFRS conversion project in 2008. The Company’s IFRS project consists of three phases – scoping, evaluation and design, and implementation and review. The Company has commenced the initial scoping phase of the project, which consists of project initiation and awareness, identification of high-level differences between Canadian GAAP and IFRS and project planning and resourcing. The Company has completed a high level scoping exercise, identified priorities, and a high-level conversion plan has been prepared. A project team has been identified and an external advisor has been engaged to assist with the conversion.

A detailed assessment of the impact of adopting IFRS on our consolidated financial statements, accounting policies, information technology and data systems, internal controls over financial reporting, disclosure controls and procedures, and the various covenants and capital requirements and business activities has not been completed. The impact on such elements will depend on the particular circumstances prevailing at the adoption date and the IFRS accounting policy choices made by the Company. The Company has not completed its quantification of the effects of adopting IFRS.

The financial performance and financial position as disclosed in our Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

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3. Segmented information:

The Company operates in three reportable segments: the Cash Markets (“Cash”) segment, the Derivatives Markets (“Derivatives”) segment, and the Energy Markets (“Energy”) segment. In the Cash segment, the Company owns and operates Canada’s two national stock exchanges, Toronto Stock Exchange and TSX Venture Exchange, Shorcan, a fixed income inter-dealer broker, and Equicom, an investor relations and corporate communications services provider. In 2008, the Cash segment also included a \$15,152 loss on termination of a derivatives joint venture. The Derivatives segment provides markets for trading derivatives, clearing options and futures contracts and certain over-the-counter (“OTC”) products through MX and its subsidiaries, Canadian Derivatives Clearing Corporation (“CDCC”), Montréal Climate Exchange Inc. (“MCeX”), and Boston Options Exchange Group, LLC (“BOX”). The Energy segment provides a marketplace for the trading and clearing of natural gas and electricity contracts through NGX.

Three months ended March 31,

	Cash	Derivatives	Energy	Total
2009				
Issuer services	\$ 34,937	\$ -	\$ -	\$ 34,937
Trading, clearing and related	28,638	21,820	8,475	58,933
Market data	33,374	4,582	-	37,956
Business services and other	3,152	716	115	3,983
Total revenue	100,101	27,118	8,590	135,809
Net income	36,322	3,514	3,082	42,918
Goodwill	113,846	519,781	21,279	654,906
Total assets	527,984	1,841,699	899,085	3,268,768
2008				
Issuer services	\$ 37,639	\$ -	\$ -	\$ 37,639
Trading, clearing and related	35,435	-	6,589	42,024
Market data	29,050	-	70	29,120
Business services and other	3,582	-	(12)	3,570
Total revenue	105,706	-	6,647	112,353
Net income	31,071	-	1,675	32,746
Goodwill	44,604	-	21,279	65,883
Total assets	704,820	-	996,178	1,700,998

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Notes to Interim Consolidated Financial Statements
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4. Credit facilities

The Company has the following credit facilities:

	Interest rate	Year of maturity	Authorized	Amount drawn at March 31, 2009
TMX Group non-revolving three year term facility	90 day B.A. + 45 bps	2011	\$ 430,000	\$ 430,000
TMX Group revolving three year term facility	-	2011	50,000	-
MX operating line of credit	-	N/A	3,000	-
CDCC revolving standby credit facility	-	N/A	30,000	-
NGX overdraft facility	-	N/A	20,000	-
NGX EFT Daylight facility	-	N/A	300,000	-
NGX letter of credit	-	N/A	US\$100,000	-
Total credit facilities				\$ 430,000

In connection with the acquisition of MX in 2008, the Company established, and drew on, a non-revolving three-year term credit facility of \$430,000 on April 30, 2008. As at March 31, 2009, the Company has prepaid \$1,538 of financing fees in relation to this loan, which leaves a net credit facility liability of \$428,462. These financing fees are being amortized over the remaining term of the loan.

5. Interest rate swaps:

Effective August 28, 2008, the Company entered into a series of interest rate swap agreements to partially manage its exposure to interest rate fluctuations on its \$430,000 non-revolving three year term facility. The interest rate swaps in place as of the balance sheet date are as follows:

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Swap number	Notional value	Maturity date	Interest rate the Company will receive	Interest rate the Company will pay	Fair value unrealized gain/(loss) at March 31, 2009	Fair value unrealized gain/(loss) at March 31, 2008
#1	\$ 100,000	August 31, 2009	30 day B.A.	3.496%	\$ (1,254)	\$ -
#2	100,000	August 31, 2010	30 day B.A.	3.749%	(4,367)	-
#3	100,000	April 18, 2011	30 day B.A.	3.829%	(5,929)	-
Total	\$ 300,000				\$ (11,550)	\$ -

The Company marks to market the value of these interest rate swaps, including a credit valuation adjustment as required under the CICA's Emerging Issues Committee ("EIC") Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", as an adjustment to income. During the three months ended March 31, 2009, unrealized gains of \$928 and realized losses of \$1,844 have been reflected in net income (three months ended March 31, 2008 - \$nil and \$nil). Both amounts have been included within mark to market on interest rate swaps on the income statement.

6. Share capital:

The following transactions occurred with respect to the Company's common shares:

	Three months ended March 31, 2009	
	Number of common shares	\$
Beginning of the period	74,403,577	\$ 1,084,399
Repurchased and cancelled	(1,000,000)	(14,575)
Options exercised	4,835	69
End of the period	73,408,412	\$ 1,069,893

On August 14, 2008, the Company received approval from Toronto Stock Exchange to repurchase up to 7,595,585 of its common shares pursuant to a normal course issuer bid ("NCIB"). Common shares purchased under the NCIB are cancelled, and purchases may be made over a one year period ending August 17, 2009, or such earlier date as the Company completes its purchases. In connection with this NCIB, the Company entered into two private agreements with a shareholder in February to repurchase a pre-defined number of shares. Under these agreements, the Company repurchased 1,000,000 common shares at an aggregate cost of \$30,435 of which \$14,575 was charged to share capital and the excess of the cost of the NCIB over the stated value of the common shares of \$15,860 was charged to deficit.

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As of March 31, 2009, 3,513,525 common shares remain available for repurchase under the NCIB.

7. Share option plan:

The Company established a share option plan in 2002, the year of its initial public offering. All employees of the Company and those of its designated subsidiaries at or above the director level, and other designated individuals, are eligible to be granted share options under the share option plan.

According to the terms of the Company's plan, under no circumstances may any one person's share options and all other share compensation arrangements exceed 5% of the issued and outstanding common shares of the Company. 4,247,461 common shares of the Company remain reserved for issuance upon exercise of share options granted under the plan, representing approximately 6% of the outstanding common shares of the Company.

The fair value of each share option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants in 2009: dividend yield of 3.5% (2008 – 2.9%); expected volatility of 26.8% (2008 – 23.6%); risk-free interest rate of 4.0% (2008 – 4.1%) and expected life of 7 years (2008 – 7 years).

Options granted will expire in 2012, 2013, 2014, 2015 and 2016.

Share options:

	Three months ended March 31, 2009		Three months ended March 31, 2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	1,021,819	\$ 39.14	973,522	\$ 31.64
Granted	610,717	31.59	166,693	45.23
Forfeited	(21,281)	48.82	(62,441)	51.43
Exercised	(4,835)	6.51	(268,796)	21.31
Outstanding, end of the period	1,606,420	\$ 36.24	808,978	\$ 36.34

At March 31, 2009, 574,705 options were fully vested and exercisable at strike prices in the range of \$10.53 to \$54.50. During the three months ended March 31, 2009, the Company recognized compensation costs of \$887 in relation to its share option plan (three months ended March 31, 2008 - \$446).

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(Unaudited)

8. Earnings per share:

	Three Months ended March 31,	
	2009	2008
Net income	\$ 42,918	\$ 32,746
Weighted average number of common shares outstanding	73,922,505	66,294,636
Basic earnings per share	\$ 0.58	\$ 0.49
Diluted weighted average number of common shares outstanding	74,089,541	66,576,449
Diluted earnings per share	\$ 0.58	\$ 0.49

9. Employee future benefits:

Total defined benefit cost recognized for the three months ended March 31, 2009 was \$571 (three months ended March 31, 2008 - \$585).

10. Subsequent events:

On April 1, 2009, the Company exercised its option to acquire NetThruPut Inc. ("NTP"). The Company is expected to acquire NTP on 1 May, 2009, subject to customary closing conditions, at a purchase price, excluding costs, of approximately \$52,200, subject to final working capital adjustments, to be satisfied by cash of approximately \$22,600 and the issuance of approximately 880,000 of the Company's common shares.

11. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial presentation adopted in the current period.