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Q2

2008 Second Quarter
Report to Shareholders



CEO's Letter to Shareholders

It gives me great pleasure to report on TMX Group results and accomplishments for the second quarter of 2008. In my first weeks with the organization, I have had the opportunity to meet employees in our various business areas, and I am impressed with the commitment and expertise of the team.

I am also learning more about the proud histories of the Toronto Stock Exchange and the Montréal Exchange (MX), two leading Canadian capital markets institutions that have now combined to form a unique North American exchange group. As a combined entity, TMX Group is well positioned to deliver tremendous value to our many customers and shareholders.

The second quarter was a challenging one for global equity markets. Though the effects were felt in Canadian markets, efforts to diversify our operations were reflected positively in our financial results.

Revenue for the quarter was \$130.1 million, a 22% increase over the second quarter of 2007, largely driven by the inclusion of revenue from MX, but also by increases in revenue from listings, energy trading and market data. Also contributing to the overall increase from the second quarter of 2007 was revenue from a full quarter of Equicom, which we acquired June 1, 2007. Operating expenses were \$54.3 million, a 27% increase over the second quarter of 2007, also largely as a result of the additions of the MX and Equicom operations. We are continuing to look for ways to realize cost savings in our business and particularly now as we begin to integrate MX. Net income was \$49.2 million, up 26% over the second quarter of 2007.

The second quarter was also marked by advances in our key initiatives. We continued to introduce new technologies and develop innovative products and solutions to better serve our various customers.

In June, we completed the migration of all Toronto Stock Exchange issues to our new trading engine, TSX Quantum. It is now fully up and running, with average and median response times in the single digit millisecond range. We also released Sola Clearing, which is now operating in a parallel testing environment. It is expected to go into commercial production before the end of 2008. Sola Clearing is intended to provide increased performance and functionality to the Canadian Derivatives Clearing Corporation and its members.

Another performance enhancement we are bringing to our market is the smart order router we announced in July. We are expecting to launch Citi's Lava ColorBook® II intelligent routing technology integrated with the TSX Quantum platform in the fourth quarter of this year.

The most significant development of the year is the combination of TSX Group and MX to form TMX Group, which we believe will reap multiple benefits for our shareholders and Canadian capital markets stakeholders. TMX Group will evolve from segregated cash and derivatives markets into a fully integrated exchange group with trading capability in cash equities and fixed income, as well as in derivatives and in commodities, using the latest and most efficient technology platforms. We are focused on the ongoing integration of MX.

A good deal of the planning on this large scale integration project was completed before I joined the company. As a first step, we have begun to integrate our two market data groups. This integrated market data team is working to develop new products that will include cash equities, fixed income and derivatives data as well as foreign exchange and news content. We also see a great opportunity to develop new capital market products, including new derivatives trading products.

In summary, we had a solid quarter with some significant accomplishments and milestones. I am confident that we are well positioned for future success. I look forward to providing you with an update in October, following my first 100 days with TMX Group.



Thomas Kloet
Chief Executive Officer
TMX Group Inc.

July 30, 2008

Q2-2008 Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) of TMX Group Inc.'s (TMX Group)¹, formerly TSX Group Inc.'s financial condition and results of operations is provided to enable a reader to assess our financial condition, material changes in our financial condition and our results of operations, including our liquidity and capital resources, for the quarter and six months ended June 30, 2008, compared with the quarter and six months ended June 30, 2007, or the year ended December 31, 2007, as applicable. This MD&A is dated July 30, 2008 and should be read carefully together with our Q2/08 unaudited interim consolidated financial statements and related notes for the corresponding period as well as our 2007 audited annual financial statements, including notes and related MD&A. Each of these documents is filed with Canadian securities regulators and can be accessed through www.sedar.com, or our website at www.tsx.com. All amounts are in Canadian dollars unless otherwise indicated and are based on financial statements prepared in accordance with Canadian generally accepted accounting principles (GAAP), unless otherwise specified.

On May 1, 2008, TMX Group and Montréal Exchange Inc. (MX) combined their businesses and, accordingly, the results of operations of MX are included in TMX Group's consolidated results of operations from May 1, 2008.

Certain comparative figures have been reclassified in order to conform with the financial presentation adopted in the current year.

Additional information about TMX Group, including our most recent Annual Information Form is available through www.sedar.com and on our website www.tsx.com. We are not incorporating information contained on the website in this MD&A.

Non-GAAP Financial Measures

Toronto Stock Exchange customers are billed for initial and additional listing fees, and with this system, there is a lag between the time when securities are issued or reserved and the time when these listing fees are paid for Toronto Stock Exchange listed issuers. For TSX Venture Exchange issuers, fees are paid either prior to or at the time of listing or reserving securities. In order to reflect these activities, we have adopted the terms issuer services fees billed, initial listing fees billed and additional listing fees billed. These terms replace "*listing fees received*", "*initial listing fees received*" and "*additional listing fees received*", which have been used in previous financial reporting. The composition of these measures, however, is unchanged.

Certain measures used in this MD&A, specifically issuer services fees billed, initial listing fees billed and additional listing fees billed do not have standardized meanings prescribed by Canadian GAAP and therefore are unlikely to be comparable to similar measures presented by other issuers. We present these measures as an indication of how initial and additional listing activity and the fees billed or received in connection with the listing or reserving of securities, impact the financial performance and cash flows of our business. Management uses these measures to assess the effectiveness of our strategy to serve our listed issuers and grow the listings portion of our business.

We present adjusted earnings per share prior to loss on termination of joint venture as an indication of operating performance exclusive of the payment made to ISE Ventures, LLC (ISE Ventures), a wholly-owned subsidiary of International Securities Exchange Holdings, Inc. (ISE), related to terminating our previously announced derivatives joint venture. This measure does not have a standardized meaning prescribed by Canadian GAAP and therefore is unlikely to be comparable to similar measures presented by other issuers. Management believes this measure allows it to assess the operating performance excluding this type of payment.

Strategy Update²

Derivatives: Completion of Combination with MX

On May 1, 2008, we completed our business combination with MX to create TMX Group, a leading, integrated, multi-asset class exchange group. The business combination was completed on May 1, 2008 through TMX Group acquiring all of MX's outstanding common shares for a total consideration of 15.3 million TMX Group common shares and \$428.2 million in cash. For those MX shareholders who elected to receive cash or were deemed to have so elected, this represents an amount, for each MX common share, of \$16.26 in cash and 0.4540 of a TMX Group common share. Those who elected to receive shares of TMX Group received 0.7784 of a TMX Group common share for each MX common share. The consideration was distributed to MX shareholders on May 2, 2008.

MX is the Canadian derivatives exchange and is headquartered in Montreal. MX offers trading in Canadian interest rate, index and equity derivatives. Clearing, settlement and risk management services are provided by MX's wholly-owned clearing house, the Canadian Derivatives Clearing Corporation (CDCC). MX has a 31% ownership interest (which it plans to increase to 53%, subject to U.S. regulatory approval) in the Boston Options Exchange Group LLC (BOX), a U.S. automated equity options market for which MX is the technical operator.

¹ Following shareholder approval on June 11, 2008, our Restated Articles of Incorporation were amended to change our name from TSX Group Inc./Groupe TSX Inc. to TMX Group Inc./Groupe TMX Inc.

² The "Strategy Update" section above contains certain forward-looking statements. Please refer to "Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

MX has a 51% ownership in the Montréal Climate Exchange Inc., or MCeX, jointly created with the Chicago Climate Exchange Inc., a market for publicly-traded environmental products in Canada. On May 30, 2008, MCeX launched trading of futures contracts on Canadian carbon dioxide equivalent units.

TMX Group was created with the goal of realizing a number of benefits:

- *Improved positioning in light of global exchange consolidation trends.* The combination creates a substantially larger entity that is better positioned to compete and grow.
- *Greater product offering.* TMX Group offers a broad range of cash and derivatives products, including products based on interest rates, equities, equity indices, foreign exchange, energy and environmental financial products. TMX Group is well positioned to operate from what continues to be a strong resource based economy in Canada and compete against other exchanges, ATs and the over-the-counter (OTC) market in a rapidly evolving industry.
- *More diversified revenue base.* The combination allows us to further diversify our revenue base by including revenue from trading and clearing derivatives as well as by distributing MX market data.
- *Combination creates opportunity to achieve meaningful synergies.* The combination is anticipated to create significant value for our shareholders through TMX Group's enhanced growth profile and opportunity to realize meaningful synergies. We are currently targeting annual cost synergies of \$25.0 million, expected to be achieved by rationalizing premises and data centres, reducing corporate costs and optimizing technology. Synergies will be partially phased in during 2008, and we expect to see most of the synergies being realized during 2009. In addition, we will target revenue synergies by developing new trading, clearing and market data products, leveraging a broader platform across multiple asset classes, targeting cross-selling opportunities over the combined customer base, optimizing clearing models, promoting greater use of derivatives in Canada and expanding the combined customer base globally.
- *Combination creates opportunities to accelerate growth strategies.* By bringing together the strong markets, teams and expertise of both organizations, TMX Group is well positioned to grow trading volumes, including by developing and launching new products, and will have the resources and scale to develop new high-value data services and offer an integrated clearing solution to an enlarged and international customer base. Furthermore, the combination allows TMX Group to generate growth prospects and strategies, including growth strategies outside of Canada, particularly in the U.S. via MX's interest in BOX.

Leading Global Resource Exchange Group

We will continue to expand our unique platform and differentiate ourselves globally by leveraging our strengths in natural resources. At December 31, 2007, 57% of the world's public mining companies and almost 50% of the world's public oil & gas companies are listed on Toronto Stock Exchange and TSX Venture Exchange. Implementation of this strategy will include providing listings, trading and clearing of equities, fixed income, options and futures for natural resource companies and the underlying commodity products. We believe resource companies and investors value our comprehensive integrated resource offerings, deep liquidity, and attractive economics. This strategy will capitalize on the rapid global growth of the resource sector and on Canada's evolving position as a leading energy supplier. Our current base of resource listings, together with our ownership of Natural Gas Exchange Inc. (NGX), provides us with a strong base upon which to build.

On March 28, 2007, we announced an arrangement to combine NGX's strengths in physical clearing with the advanced transaction matching technology of IntercontinentalExchange Inc. (ICE). Launched on February 9, 2008, this arrangement, whereby NGX provides the marketplace with a clearinghouse for physical gas transactions across North America and ICE offers NGX access to thousands of trading desks, has been an immediate success, and NGX has now established a continental footprint for its gas and electricity contracts.

In September 2007, we took another key step toward expanding our presence in the critical energy space when we purchased an option from Enbridge Inc. (Enbridge) and Circuit Technology Ltd. (Circuit Technology) to acquire all the shares of NetThruPut Inc. (NTP), the leading Canadian electronic platform and clearing facility for crude oil. The option is exercisable after March 15, 2009.

Leading North American Exchange for SMEs

We are a leading exchange for small to medium-sized enterprises (SMEs), and we intend to expand this platform to attract North American and International listings. The SME market globally, and especially in the United States, is large and potentially underserved.

In the highly-competitive environment for listings, our business development efforts have taken us world-wide. We have focused on entrenching our position as a preeminent global resource exchange group and a leading international exchange group for SMEs. We are actively pursuing listing opportunities in the key mining markets of Australia, South Africa, and South America, as well as in emerging new economic powers such as China and Brazil.

TMX Group added 18 new international listings in the first half of 2008 and 3 TSX Venture Exchange graduates.

Update on Overview of the Business

Derivatives Markets

In addition to owning and operating equity, energy and fixed income markets in Canada, with the combination with MX, TMX Group owns and operates the Canadian derivatives exchange. Our derivatives markets derive revenue from MX's trading, clearing, market data and business services activities.

Derivatives Trading

MX is Canada's only standardized financial derivatives exchange, offering interest rate, index and equity derivatives. Currently, the most important of these products are the Three-Month Canadian Bankers' Acceptance Futures contract, or BAX, the Ten-Year Government of Canada Bond Futures contract, or CGB, and the S&P Canada 60 Index Futures contract, or SXF. We connect participants to our derivatives markets, build business relationships with them and work with them to ensure that our derivatives offerings meet investor needs. Participants are charged fees for buying and selling derivatives products on a per transaction basis, determined principally by contract type and participant status. Since MX trading fee rates are charged on a per transaction basis, this trading revenue is directly correlated to the volume of contracts traded on our derivatives markets. Derivatives trading revenue is recognized on the transaction date of the related transaction.

Derivatives Clearing

Through CDCC, MX's wholly-owned subsidiary, we generate revenue from clearing and settlement, as well as from options and futures exercise activities. CDCC is the central counterparty and guarantor of all transactions carried out on MX's markets and on some OTC products. In addition, CDCC is the issuer of options traded on MX markets and the clearing house and guarantor for options and futures contracts traded on MX markets and on the OTC market. CDCC reduces investor risk by guaranteeing all contractual commitments made between parties for transactions executed on our markets.

Participants are charged fees for the clearing and settlement of MX products on a per contract basis. These fees are charged at various rates based on the type of customer or member. Clearing and settlement revenues are correlated to the trading volume of such products and therefore fluctuate based on the same factors that affect our derivatives trading volume. Derivatives clearing revenue is recognized on the settlement date of the related transaction.

Derivatives Market Data

MX sells real-time trading and quotation data (quotes, prices, size and trades) and historical data to market participants on a global basis. Revenue from the sales of MX market data is principally dependant upon the number of data subscriptions, which is driven by MX's network of brokers and the extent of MX's client base, as well as MX's ability to remain a principal market and to respond to innovations in technology that may affect the availability, reliability and price of market data. Market data revenue is also generated by the sale of data to resellers of information as well as the sale of individual quotes via the Internet. As of June 30, 2008, there were over 28,000 subscriptions to MX's market data. Derivatives market data revenue is recognized based on usage as reported by customers and vendors.

Business Services

MX offers high-quality professional services, which include the technical operation and maintenance of its electronic trading, clearing and surveillance platforms as well as the development of technology solutions for use both internally and by third parties. MX has developed a state-of-the-art electronic trading platform, called SOLA, currently in use at MX and at BOX. MX has entered into technical operational services agreements with BOX pursuant to which MX provides the technical operations services related to BOX's trading and surveillance platforms. MX charges BOX for salaries, telecommunication services, computer equipment and other services at rates set out in its agreement with BOX. These transactions are undertaken in the ordinary course of business.

Regulation Activities

MX is a self-regulatory organization (SRO) that has a major responsibility for maintaining the transparency, credibility and integrity of the exchange-traded derivatives market in Canada. MX's Regulatory Division, which is operated independently of its other operations, is responsible for the regulation of its markets and its trading participants. The Regulatory Division is subject to the sole internal oversight of MX's Special Committee – Regulatory Division. The Special Committee – Regulatory Division, which is appointed by the Board of Directors of MX, is composed of a majority of independent members, none of whom are members of the Board of Directors of MX or CDCC. The Regulatory Division operates on a non-profit/cost-recovery basis.

Revenues generated by the Regulatory Division are from two sources: (1) regulatory fees, which are principally comprised of market surveillance fees collected by MX on behalf of its Regulatory Division, and (2) regulatory fine revenues, which are generated from fines levied by our Regulatory Division. Market regulation fees are recognized in the month in which the services are provided.

Any surplus in the Regulatory Division must be redistributed to our participants (excluding regulatory fine revenues, which can not be redistributed) and any shortfall must be made up by a special assessment by MX's participants or by MX upon recommendation of the Special Committee – Regulatory Division. Regulatory fine revenues are used for specific regulatory purposes and are not refunded to participants.

MX Initiatives

Canadian Derivatives Clearing Corporation (CDCC)

On June 16, 2008, the MX Information Technology Services team released Sola[®] Clearing, the most recent addition to Sola[®] software products. Sola[®] Clearing is now operating in a parallel testing environment and is expected to go into commercial production before the end of 2008. Sola[®] Clearing is intended to provide increased performance and functionality to CDCC and its members.

BOX

On December 21, 2007, MX announced that it had reached an agreement to increase its ownership position in BOX from 31.4% to 53.2%, subject to regulatory approval by the U.S. Securities and Exchange Commission (SEC) and to other customary closing conditions. Under the terms of the agreement with the Boston Stock Exchange (BSE), a partner in BOX, MX will pay US\$52.5 million in cash for the 21.9% partnership interest in BOX held by the BSE. We intend to finance this transaction with our existing cash resources. The transaction is subject to regulatory approval, and is expected to close in 2H/08.

Montréal Climate Exchange Inc. (MCeX)

On May 30, 2008, MCeX, the first regulated environmental market in Canada officially launched trading of a new futures contract on Canada carbon dioxide equivalent (CO₂e) units. MCeX is a joint venture of the MX and the Chicago Climate Exchange[®] (CCX). Our goal is to lead the growth in Canadian environmental markets and deliver market solutions to help Canadian industries efficiently manage greenhouse gas emissions.

Equity Trading: Update to Regulation Services Provider for Toronto Stock Exchange and TSX Venture Exchange

Market Regulation Services Inc. (RS), the regulation services provider to each of Toronto Stock Exchange and TSX Venture Exchange underwent a corporate reorganization whereby on June 1, 2008, it combined with the Investment Dealers Association of Canada (IDA) to form the Investment Industry Regulatory Organization of Canada (IIROC). Prior to June 1, 2008, RS was owned 50% by TSX Inc. and 50% by the IDA. Effective June 1, 2008, IIROC is the SRO that provides regulation services to each of Toronto Stock Exchange and TSX Venture Exchange, monitoring and enforcing compliance with the Universal Market Integrity Rules.

TSX Inc. has no share ownership interest in IIROC; it is however, entitled to nominate one of the 15 directors of IIROC.

We provide IIROC with technology and related services necessary for it to conduct its review and real time monitoring of trading on Canadian equity marketplaces. IIROC pays us a fee for these services in accordance with an agreement which also details service levels.

Quarter Ended June 30, 2008 compared with Quarter Ended June 30, 2007

Net income was \$49.2 million, or 65 cents per common share (on both a basic and diluted basis) for Q2/08, compared with net income of \$39.1 million, or 57 cents per common share on both a basic and diluted basis for the same period in 2007. Net income for Q2/08 increased by 26% over Q2/07 due to higher revenue from each primary revenue stream, including from MX following the combination on May 1, 2008. The impact of higher revenue was somewhat offset by an increase in expenses, including interest expense.

Revenue

Revenue in Q2/08 was \$130.1 million, up \$23.7 million, or 22% as compared with \$106.4 million in Q2/07 primarily reflecting \$13.9 million in revenue related to the business operations of MX, which were combined with TMX Group on May 1, 2008 and increased issuer services and market data revenue. Revenue in Q2/08 also includes \$3.9 million in revenue from The Equicom Group Inc. (Equicom), acquired on June 1, 2007 compared with \$1.1 million in Q2/07.

Issuer Services Revenue

The following is a summary of issuer services revenue reported and issuer services fees billed* (reconciled below in this section) in Q2/08 and Q2/07.

(in millions of dollars)	Reported				Billed*			
	Q2/08	Q2/07	\$ increase	% increase	Q2/08	Q2/07	\$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	\$ 3.9	\$ 3.4	\$ 0.5	15%	\$ 4.7	\$ 8.5	\$ (3.8)	(45%)
Additional listing fees	\$ 12.6	\$ 10.8	\$ 1.8	17%	\$ 24.5	\$ 34.1	\$ (9.6)	(28%)
Sustaining listing fees**	\$ 17.4	\$ 16.9	\$ 0.5	3%	\$ 17.4	\$ 16.9	\$ 0.5	3%
Other issuer services	\$ 4.4	\$ 1.2	\$ 3.2	-	\$ 4.4	\$ 1.2	\$ 3.2	-
Total listing fees	\$ 38.3	\$ 32.3	\$ 6.0	19%	\$ 51.0	\$ 60.7	\$ (9.7)	(16%)

Initial and additional listing fees are non-refundable fees paid by listed issuers for the listing or reserving of securities. These fees are recorded as “deferred revenue – initial and additional listing fees” and recognized on a straight-line basis over an estimated service period of ten years.

In the case of Toronto Stock Exchange, customers are billed for initial and additional listing fees and with this system, there is a lag between the time when securities are issued or reserved and the time when these listing fees are paid for Toronto Stock Exchange listed issuers. For TSX Venture Exchange issuers, fees are paid either prior to or at the time of listing or reserving securities. The following is a reconciliation of initial and additional listing fees billed* to initial and additional listing fees reported:

Initial Listing Fees (in millions of dollars)	Q2/08	Q2/07
Initial listing fees billed*	\$ 4.7	\$ 8.5
Initial listing fees billed* and deferred to future periods	\$ (4.6)	\$ (8.4)
Recognition of initial listing fees billed* and previously included in deferred revenue	\$ 3.8	\$ 3.3
Initial listing fee revenue reported	\$ 3.9	\$ 3.4
Additional Listing Fees (in millions of dollars)	Q2/08	Q2/07
Additional listing fees billed*	\$ 24.5	\$ 34.1
Additional listing fees billed* and deferred to future periods	\$ (24.2)	\$ (33.6)
Recognition of additional listing fees billed* and previously included in deferred revenue	\$ 12.3	\$ 10.3
Additional listing fee revenue reported	\$ 12.6	\$ 10.8

- Initial and additional listing fees reported increased due to capital market activity and listing fees increases during the period from July 1, 1998 to June 30, 2008 compared with the period from July 1, 1997 to June 30, 2007. Initial and additional listing fees billed* in Q2/08, as compared with Q2/07, reflect a decline in the number and value of securities issued and reserved, somewhat offset by changes to the pricing model for each equity exchange that were effective January 1, 2008.
- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The increase in sustaining listing fees was due to fee increases on TSX Venture Exchange that were effective January 1, 2008, and the overall higher market capitalization of listed issuers at the end of 2007 compared with the end of 2006, partially offset by a decrease in sustaining listing fees from issuers listed on Toronto Stock Exchange.
- Other issuer services includes revenue of \$3.9 million from Equicom in Q2/08, compared with \$1.1 million in Q2/07. Equicom was acquired June 1, 2007 and provides investor relations and related corporate communications services to public issuers in Canada.

* See discussion under the heading Non-GAAP Financial Measures.

** Sustaining listing fees billed, as shown in this table, represents the amount recognized for accounting purposes during the quarter. Sustaining listing fees are billed during the first quarter of the year, recorded as deferred revenue and amortized over the year on a straight-line basis.

Trading, Clearing and Related Revenue

(in millions of dollars)

	Q2/08	Q2/07	\$ increase/ (decrease)	% increase/ (decrease)
Cash markets:				
• Toronto Stock Exchange	\$ 24.2	\$ 26.3	\$ (2.1)	(8%)
• TSX Venture Exchange	\$ 9.2	\$ 8.2	\$ 1.0	12%
	\$ 33.4	\$ 34.5	\$ (1.1)	(3%)
• Shorcan	\$ 3.0	\$ 3.5	\$ (0.5)	(14%)
Cash markets revenue	\$ 36.4	\$ 38.0	\$ (1.6)	(4%)
Energy markets revenue	\$ 7.3	\$ 4.9	\$ 2.4	49%
Derivatives markets revenue	\$ 9.0	-	\$ 9.0	-
Total trading, clearing and related revenue	\$ 52.7	\$ 42.9	\$ 9.8	23%

Cash Markets

- Cash markets revenue decreased as a result of pricing changes on Toronto Stock Exchange, which were effective November 1, 2007, partially offset by a 1% increase in the volume of securities traded in Q2/08 on Toronto Stock Exchange over Q2/07 (25.0 billion securities in Q2/08 versus 24.8 billion securities in Q2/07).
- Revenue from trading on TSX Venture Exchange increased due to a 3% increase in the volume of securities traded in Q2/08 over Q2/07 (13.8 billion securities in Q2/08 versus 13.4 billion securities in Q2/07), and as a result of pricing changes which were effective November 1, 2007.
- The decrease in revenue from Shorcan Brokers Limited (Shorcan) reflects a 12% decrease in trading in Q2/08 over Q2/07 (\$187.7 million in Q2/08 versus \$213.2 million in Q2/07).

Energy Markets

- In Q2/08, the volumes of natural gas and electricity contracts traded or cleared on NGX increased by 31% over Q2/07 (3.8 million terajoules in Q2/08 versus 2.9 million terajoules in Q2/07). This excludes the Alberta Watt Exchange Limited (Watt-Ex) volumes, which represent electric operating reserve procurement for the Alberta Electric System Operator.
- The increased volumes reflect the successful launch of our arrangement with ICE on February 9, 2008 which provided us with access to substantially more customers and included the launch of new products.
- The increase in revenue also reflects price increases that were effective in January 2008.
- In Q2/08, on a net basis, NGX deferred \$0.1 million more revenue than in Q2/07.

Derivatives Markets

- Derivatives markets revenue includes \$6.8 million in trading revenue and \$2.2 million in clearing revenue related to MX, which was combined with TMX Group on May 1, 2008.
- MX volumes decreased by 20% (6.6 million contracts traded from May 1 – June 30, 2008 versus 8.3 million contracts traded from May 1 – June 30, 2007).

Market Data Revenue

(in millions of dollars)

	Q2/08	Q2/07	\$ increase	% increase
	\$ 33.1	\$ 27.8	\$ 5.3	19%

- Market data revenue increased due to a 12% increase in the number of professional and equivalent real-time market data subscriptions to TSX Datalinx products (over 167,000 at the end of Q2/08 versus over 149,000 at the end of Q2/07). This increase reflects increased sales to both Canadian and U.S. customers.
- Market data revenue includes \$2.0 million in market data revenue related to MX, acquired in Q2/08. There were over 28,000 MX market data subscriptions at the end of Q2/08 compared with over 27,000 MX subscriptions at the end of Q2/07.
- The increase was also attributable to fee changes that were effective January 1, 2008 and the inclusion of revenue from PC-Bond, \$2.4 million in Q2/08 compared with \$2.3 million in Q2/07.
- The increase was partially offset by the negative impact of the appreciation of the Canadian dollar against the U.S. dollar since Q2/07.

Business Services and Other Revenue

(in millions of dollars)

	Q2/08	Q2/07	\$ increase	% increase
	\$ 5.9	\$ 3.4	\$ 2.5	74%

- Business services revenue includes \$2.9 million in revenue related to the business operations of MX from May 1, 2008. In Q2/08, we received \$2.9 million in revenue from BOX for technology and other related services provided.
- The increase was somewhat offset by a decrease in Other revenue as a result of unrealized losses on U.S dollar receivables due to the negative impact of the appreciation of the Canadian dollar against the U.S. dollar since Q2/07.

Expenses

Operating expenses in Q2/08 were \$54.3 million, an increase of \$11.5 million, or 27%, as compared with \$42.8 million in Q2/07. The increase was primarily due to the inclusion of \$9.7 million of expenses related to the business operations of MX, following the combination with TMX Group on May 1, 2008. In addition, there were \$3.3 million of expenses related to the business operations of Equicom (acquired June 1, 2007) in Q2/08 compared with \$1.1 million in Q2/07.

Compensation and Benefits

(in millions of dollars)

	Q2/08	Q2/07	\$ increase	% increase
	\$ 25.6	\$ 22.3	\$ 3.3	15%

- Compensation and benefits costs increased primarily due to the inclusion of \$4.2 million in costs related to the business operations of MX, acquired on May 1, 2008. There were \$1.5 million in costs related to the business operations of Equicom, acquired on June 1, 2007, in Q2/08 compared with \$0.5 million in Q2/07.
- The increase was partially offset by lower organizational transition costs and lower expenses associated with the long-term incentive plan.
- We capitalized \$1.2 million of internal development costs related to the TSX Quantum trading engine and \$0.6 million related to SOLA in Q2/08 compared with \$1.8 million related to TSX Quantum in Q2/07.
- There were 817 employees at June 30, 2008, which included 225 MX employees, versus 606 at June 30, 2007. This increase in employees was partially offset by a net reduction of 14 employees in our overall businesses.

Information and Trading Systems

(in millions of dollars)

	Q2/08	Q2/07	\$ increase	% increase
	\$ 8.7	\$ 6.5	\$ 2.2	34%

- Information and trading systems costs included \$0.9 million in costs related to the business operations of MX from May 1, 2008.
- Information and trading systems costs also increased due to ongoing expenses primarily related to NGX's initiative with ICE.

General and Administration

(in millions of dollars)

	Q2/08	Q2/07	\$ increase	% increase
	\$ 14.0	\$ 10.2	\$ 3.8	37%

- General and administration costs included \$2.5 million in costs related to the business operations of MX, acquired May 1, 2008. There were also \$1.5 million in costs associated with the business operations of Equicom, which was acquired June 1, 2007, in Q2/08 compared with \$0.4 million in Q2/07.
- General and administration costs also increased as a result of paying higher fees to RS and IROC for regulation services, which were somewhat offset by a decrease in fees paid to external advisors and lower capital tax expense.

Amortization

(in millions of dollars)

	Q2/08	Q2/07	\$ increase	% increase
	\$ 6.0	\$ 3.8	\$ 2.2	58%

- Amortization costs included \$2.1 million in costs related to the combination with MX on May 1, 2008. There were also \$0.3 million in depreciation and amortization costs associated with the business operations of Equicom, which was acquired June 1, 2007, in Q2/08 compared with \$0.2 million in Q2/07.

Income from Investments in Affiliates

(in millions of dollars)

	Q2/08	Q2/07	\$ increase
	\$ 0.4	\$ 0.0	\$ 0.4

- Income from investments in affiliates includes \$0.3 million representing MX's share of BOX income based on a 31.4% interest in BOX from May 1, 2008. BOX volumes increased by 50% in May 1 – June 30, 2008 compared with May 1 – June 30, 2007 (29.3 million contracts traded May 1 – June 30, 2008 versus 19.5 million contracts traded May 1 – June 30, 2007).
- Income from investments in affiliates also includes \$0.1 million, representing TSX Inc.'s share of CanDeal.ca Inc.'s (CanDeal) income for Q2/08 based on a 47% interest in CanDeal. The improvement in CanDeal's Q2/08 revenue over Q2/07 was due to CanDeal's growth in market share, revisions to the revenue model, including the introduction of transaction fees and CanDeal's continued progress in adding buy-side institutional investors.

Investment Income

(in millions of dollars)

	Q2/08	Q2/07	\$ increase	% increase
	\$ 3.4	\$ 1.1	\$ 2.3	209%

- Investment income increased as a result of lower unrealized losses on short-term bond and mortgage investments, partially offset by lower interest income during Q2/08 versus Q2/07.
- The increase was also due to the inclusion of \$0.8 million of investment income earned by MX since May 1, 2008.

Interest Expense

(in millions of dollars)

	Q2/08	Q2/07	\$ increase	% increase
	\$ 3.1	\$ 0.3	\$ 2.8	933%

- Interest expense increased as a result of financing a portion of the purchase price related to the business combination with MX. On April 30, 2008, we drew \$430.0 million in Canadian funds on a three-year term facility related to financing the cash consideration of the purchase price for MX (see **Long-term Debt**).

Other Acquisition Related Expenses

(in millions of dollars)

	Q2/08	Q2/07	\$ increase	% increase
	\$ 0.7	–	\$ 0.7	–

- When we acquired NGX in 2004, TMX Group entered into an arrangement with MX and paid them \$5.0 million. TMX Group amortized this amount over five years, the remaining term in the 1999 Memorandum of Agreement with MX, or \$1.0 million per annum. As a result of the May 1, 2008 business combination, we have now expensed the remaining balance in Other Assets of \$0.7 million.

Income Taxes

(in millions of dollars)

	Q2/08	Q2/07	Effective tax rate (%)	
	\$ 26.5	\$ 25.3	Q2/08	Q2/07
			35%	39%

- The effective tax rate of 35% in Q2/08 was lower than the effective tax rate of 39% in Q2/07 primarily due to a lower federal tax rate, a lower effective provincial tax rate and lower adjustments to the value of the future income tax asset.
- The tax rate for Q2/07 was higher partially due to an adjustment of \$1.8 million to the value of the future income tax asset. In Q2/07, the future income tax asset was reduced, and income taxes increased as a result of additional changes in federal corporate tax rates, enacted in June 2007, for 2011 and beyond.

Six Months Ended June 30, 2008 Compared with Six Months Ended June 30, 2007

Net income was \$82.0 million or \$1.15 per common share on both a basic and diluted basis for 1H/08, compared with net income of \$75.6 million, or \$1.10 per common share on a basic and diluted basis for the same period in 2007, representing an increase of 8%. This increase was largely due to higher revenue as a result of the combination with MX, partially offset by higher overall expenses, higher income taxes, and acquisition related expenses, primarily relating to a \$15.2 million payment to ISE Ventures with respect to the termination of our previously announced derivatives joint venture. The impact of this charge, which is not being deducted for income tax purposes, somewhat offset the positive impact of increased revenue in 1H/08 compared with 1H/07. Adjusted earnings per share prior to loss on termination of joint venture* for 1H/08 was \$1.36 per common share on both a basic and diluted basis.

The following is a reconciliation of earnings per share to adjusted earnings per share prior to loss on termination of joint venture*:

Reconciliation for 1H/08 and 1H/07	1H/08		1H/07	
	Basic	Diluted	Basic	Diluted
Earnings per share	\$ 1.15	\$ 1.15	\$ 1.10	\$ 1.10
Adjustment related to loss on termination of joint venture	\$ 0.21	\$ 0.21	–	–
Adjusted earnings per share prior to loss on termination of joint venture*	\$ 1.36	\$ 1.36	\$ 1.10	\$ 1.10

Revenue

Revenue was \$242.4 million for 1H/08, up \$34.9 million, or 17% compared with \$207.5 million for 1H/07 reflecting \$13.9 million in revenue related to the business operations of MX which were combined with TMX Group on May 1, 2008 and increased issuer services and market data revenue. In addition, revenue in 1H/08 included \$7.9 million from Equicom, acquired June 1, 2007, compared with \$1.1 million in 1H/07.

Issuer Services Revenue

The following is a summary of issuer services revenue reported and issuer services fees billed* (reconciled below in this section) in 1H/08 and 1H/07.

(in millions of dollars)	Reported				Billed*			
	1H/08	1H/07	\$ increase	% increase	1H/08	1H/07	\$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	\$ 7.8	\$ 6.6	\$ 1.2	18%	\$ 11.1	\$ 15.1	\$ (4.0)	(26%)
Additional listing fees	\$ 24.9	\$ 20.9	\$ 4.0	19%	\$ 44.0	\$ 58.5	\$ (14.5)	(25%)
Sustaining listing fees**	\$ 34.6	\$ 33.7	\$ 0.9	3%	\$ 34.6	\$ 33.7	\$ 0.9	3%
Other issuer services	\$ 8.7	\$ 1.2	\$ 7.5	–	\$ 8.7	\$ 1.2	\$ 7.5	–
Total listing fees	\$ 76.0	\$ 62.4	\$ 13.6	22%	\$ 98.4	\$ 108.5	\$ (10.1)	(9%)

Initial and additional listing fees are non-refundable fees paid by listed issuers for the listing or reserving of securities. These fees are recorded as “deferred revenue – initial and additional listing fees” and recognized on a straight-line basis over an estimated service period of ten years.

* See discussion under the heading Non-GAAP Financial Measures.

** Sustaining listing fees billed, as shown in this table, represents the amount recognized for accounting purposes during the period. Sustaining listing fees are billed during the first quarter of the year, recorded as deferred revenue and amortized over the year on a straight-line basis.

In the case of Toronto Stock Exchange, customers are billed for initial and additional listing fees and with this system, there is a lag between the time when securities are issued or reserved and the time when these listing fees are paid for Toronto Stock Exchange listed issuers. For TSX Venture Exchange issuers, fees are paid either prior to or at the time of listing or reserving securities. The following is a reconciliation of initial and additional listing fees billed* to initial and additional listing fees reported:

<i>Initial Listing Fees (in millions of dollars)</i>	1H/08	1H/07
Initial listing fees billed*	\$ 11.1	\$ 15.1
Initial listing fees billed* and deferred to future periods	\$ (10.9)	\$ (14.9)
Recognition of initial listing fees billed* and previously included in deferred revenue	\$ 7.6	\$ 6.4
Initial listing fee revenue reported	\$ 7.8	\$ 6.6
<i>Additional Listing Fees (in millions of dollars)</i>		
Additional listing fees billed*	\$ 44.0	\$ 58.5
Additional listing fees billed* and deferred to future periods	\$ (43.3)	\$ (57.6)
Recognition of additional listing fees billed* and previously included in deferred revenue	\$ 24.2	\$ 20.0
Additional listing fee revenue reported	\$ 24.9	\$ 20.9

- *Initial and additional listing fees reported* increased due to capital market activity and listing fees increases during the period from April 1, 1998 to June 30, 2008 compared with the period from April 1, 1997 to June 30, 2007. *Initial and additional listing fees billed** in 1H/08, as compared with 1H/07, reflect a decline in the number and value of securities issued and reserved, somewhat offset by changes to the pricing model for each equity exchange that were effective January 1, 2008.
- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The increase in *sustaining listing fees* was due to fee increases on TSX Venture Exchange that were effective January 1, 2008, and the overall higher market capitalization of listed issuers at the end of 2007 compared with the end of 2006, partially offset by a decrease in sustaining listing fees from issuers listed on Toronto Stock Exchange.
- *Other issuer services* includes revenue of \$7.9 million from Equicom, compared with \$1.1 million in Q2/07. Equicom was acquired June 1, 2007 and provides investor relations and related corporate communications services to public issuers in Canada.

Trading, Clearing and Related Revenue

<i>(in millions of dollars)</i>	1H/08	1H/07	\$ increase/ (decrease)	% increase/ (decrease)
Cash markets:				
• Toronto Stock Exchange	\$ 48.4	\$ 52.1	\$ (3.7)	(7%)
• TSX Venture Exchange	\$ 17.2	\$ 16.5	\$ 0.7	4%
	\$ 65.6	\$ 68.6	\$ (3.0)	(4%)
• Shorcan	\$ 6.3	\$ 6.7	\$ (0.4)	(6%)
Cash markets revenue	\$ 71.9	\$ 75.3	\$ (3.4)	(5%)
Energy markets revenue	\$ 13.9	\$ 9.7	\$ 4.2	43%
Derivatives markets revenue	\$ 9.0	-	\$ 9.0	-
Total trading, clearing and related revenue	\$ 94.8	\$ 85.0	\$ 9.8	12%

Cash Markets

- *Cash markets revenue* decreased as a result of pricing changes on Toronto Stock Exchange, which were effective November 1, 2007, partially offset by a 4% increase in the volume of securities traded on Toronto Stock Exchange in 1H/08 over 1H/07 (50.5 billion securities in 1H/08 versus 48.5 billion securities in 1H/07).
- Revenue from trading on TSX Venture Exchange increased due to pricing changes which were effective November 1, 2007, partially offset by a 6% decrease in the volume of securities traded in 1H/08 over 1H/07 (25.3 billion securities in 1H/08 versus 26.9 billion securities in 1H/07).
- The decrease in revenue from Shorcan reflects a 6% decrease in trading in 1H/08 over 1H/07 (\$391.8 million in 1H/08 versus \$417.9 million in 1H/07).

* See discussion under the heading Non-GAAP Financial Measures.

Energy Markets

- In 1H/08, the volumes of natural gas and electricity contracts traded or cleared on NGX increased by 42% over 1H/07 (7.5 million terajoules in 1H/08 versus 5.3 million terajoules in 1H/07). This excludes the Watt-Ex volumes, which represent electric operating reserve procurement for the Alberta Electric System Operator.
- The increased volumes reflect the launch of our arrangement with ICE on February 9, 2008 which provided us with access to substantially more customers and included the launch of new products.
- The increase in revenue also reflects price increases that were effective in January 2008.
- In 1H/08, on a net basis, NGX deferred \$0.9 million more revenue than in 1H/07, which somewhat offset the increase in revenue.

Derivatives Markets

- Derivatives markets revenue includes \$6.8 million in trading revenue and \$2.2 million in clearing revenue related to MX, which was combined with TMX Group on May 1, 2008.
- MX volumes decreased by 20% (6.6 million contracts traded from May 1 – June 30, 2008 versus 8.3 million contracts traded from May 1 – June 30, 2007).

Market Data Revenue

(in millions of dollars)

	1H/08	1H/07	\$ increase	% increase
	\$ 62.2	\$ 54.4	\$ 7.8	14%

- Market data revenue increased due to a 12% increase in the number of professional and equivalent real-time market data subscriptions (over 167,000 at the end of 1H/08 versus over 149,000 at the end of 1H/07). This increase reflects increased sales to both Canadian and U.S. customers.
- Market data revenue included \$2.0 million in revenue related to the business operations of MX from May 1, 2008. There were over 28,000 MX market data subscriptions at the end of 1H/08 compared with over 27,000 MX subscriptions at the end of 1H/07.
- The increase was also attributable to fee changes that were effective January 1, 2008 and the inclusion of revenue from PC-Bond, \$4.6 million in 1H/08 compared with \$4.2 million in 1H/07.
- The increase was partially offset by the negative impact of the appreciation of the Canadian dollar against the U.S. dollar since Q1/07.

Business Services and Other Revenue

(in millions of dollars)

	1H/08	1H/07	\$ increase	% increase
	\$ 9.5	\$ 5.7	\$ 3.8	67%

- Business Services revenue includes \$2.9 million in revenue related to the business operations of MX from May 1, 2008. In Q2/08, we received \$2.9 million in revenue from BOX for technology and other related services provided.

Expenses

Operating expenses in 1H/08 were \$99.0 million, an increase of \$9.4 million, or 10%, as compared with \$89.6 million in 1H/07. The increase was primarily due to the inclusion of \$9.7 million of expenses related to the business operations of MX, following the combination with TMX Group on May 1, 2008. In addition, there were \$6.4 million of expenses related to the business operations of Equicom, acquired June 1, 2007, in 1H/08 compared with \$1.1 million in 1H/07. The overall increase was somewhat offset by lower compensation and benefits costs related to the long-term incentive plan, pension costs and organizational transition expenses.

Compensation and Benefits

(in millions of dollars)

	1H/08	1H/07	\$ increase	% increase
	\$ 48.8	\$ 47.7	\$ 1.1	2%

- Compensation and benefits costs increased primarily due to the inclusion of \$4.2 million in costs related to the business operations of MX, acquired on May 1, 2008. There were \$3.0 million in costs related to the business operations of Equicom, acquired on June 1, 2007, in 1H/08 compared with \$0.5 million in 1H/07.

- The increase was partially offset by lower organizational transition costs, lower expenses associated with the long-term incentive plan and lower pension costs.
- We capitalized \$2.4 million of internal development costs related to the TSX Quantum trading engine and \$0.6 million related to SOLA in 1H/08 compared with \$1.8 million related to TSX Quantum in 1H/07.
- There were 817 employees at June 30, 2008, which included 225 MX employees, versus 606 at June 30, 2007. This increase in employees was partially offset by a net reduction of 14 employees in our overall businesses.

Information and Trading Systems

(in millions of dollars)

	1H/08	1H/07	\$ increase	% increase
	\$ 15.8	\$ 13.1	\$ 2.7	21%

- *Information and trading systems* costs included \$0.9 million in costs related to the business operations of MX from May 1, 2008. There were also \$0.2 million in costs associated with the business of Equicom, which was acquired June 1, 2007, in 1H/08 compared with nil in 1H/07.
- *Information and trading systems* costs also increased due to ongoing expenses primarily related to NGX's initiative with ICE.

General and Administration

(in millions of dollars)

	1H/08	1H/07	\$ increase	% increase
	\$ 24.2	\$ 21.3	\$ 2.9	14%

- *General and administration* costs included \$2.5 million in costs related to the business operations of MX, acquired May 1, 2008. There were also \$2.7 million in costs associated with the business operations of Equicom, which was acquired June 1, 2007, in 1H/08 compared with \$0.4 million in 1H/07.
- *General and administration* costs increased as a result of paying higher fees to RS and IROC for regulation services, which were more than offset by a decrease in fees paid to external advisors and lower capital expense.

Amortization

(in millions of dollars)

	1H/08	1H/07	\$ increase	% increase
	\$ 10.2	\$ 7.5	\$ 2.7	36%

- *Amortization* costs increased reflecting amortization of \$2.1 million related to the combination with MX on May 1, 2008 and increased amortization from intangible assets primarily related to TSX Quantum. There were also \$0.5 million in depreciation and amortization costs associated with the business operations of Equicom, which was acquired June 1, 2007, in 1H/08 compared with \$0.2 million in 1H/07.

Income from Investments in Affiliates

(in millions of dollars)

	1H/08	1H/07	\$ increase
	\$ 0.5	\$ 0.1	\$ 0.4

- *Income from investments in affiliates* includes \$0.3 million representing MX's share of BOX income based on a 31.4% interest in BOX. BOX volumes increased by 50% in May 1 – June 30, 2008 compared with May 1 – June 30, 2007 (29.3 million contracts traded May 1 – June 30, 2008 versus 19.5 million contracts traded May 1 – June 30, 2007).
- *Income from investments in affiliates* also includes \$0.2 million, representing TSX Inc.'s share of CanDeal income for 1H/08 based on a 47% interest in CanDeal. The improvement in CanDeal's 1H/08 revenue over 1H/07 was due to the introduction of transaction fees and CanDeal's continued progress in adding buy-side institutional investors. Also, in July 2007, CanDeal's six liquidity providers renewed their commitments to CanDeal, which had a positive impact on revenues in 1H/08 compared with 1H/07.

Investment Income

(in millions of dollars)

	1H/08	1H/07	\$ increase	% increase
	\$ 7.8	\$ 5.1	\$ 2.7	53%

- Investment income increased as a result of lower unrealized losses on short-term bond and mortgage investments, partially offset by lower interest income during 1H/08 versus 1H/07.
- The increase was also due to the inclusion of \$0.8 million of investment income earned by MX since May 1, 2008.

Interest Expense

(in millions of dollars)

	1H/08	1H/07	\$ increase	% increase
	\$ 3.3	\$ 0.5	\$ 2.8	560%

- Interest expense increased as a result of financing a portion of the purchase price related to the business combination with MX. On April 30, 2008, we drew \$430.0 million in Canadian funds on a three-year term facility related to financing the cash consideration of the purchase price for MX (see **Long-term Debt**).

Other Acquisition Related Expenses

(in millions of dollars)

	1H/08	1H/07	\$ increase
	\$ 15.9	-	\$ 15.9

- In August 2007, TMX Group and ISE Ventures announced the execution of a shareholders' agreement for CDEX Inc. (CDEX), which was created to operate DEX, a new Canadian derivatives exchange scheduled to begin operations in March 2009. In connection with the agreement to combine with MX, we provided ISE Ventures with a notice of a competing transaction as required under the terms of the CDEX shareholders' agreement, and subsequently paid ISE Ventures \$15.2 million on April 1, 2008, which was accrued in Q1/08.
- When we acquired NGX in 2004, TMX Group entered into an arrangement with MX and paid them \$5.0 million. TSX Group amortized this amount over five years, the remaining term in the 1999 Memorandum of Agreement with MX, or \$1.0 million per annum. As a result of the May 1, 2008 business combination, we have now expensed the remaining balance in Other Assets of \$0.7 million.

Income Taxes

(in millions of dollars)

	1H/08	1H/07	Effective tax rate (%)	
	1H/08	1H/07	1H/08	1H/07
	\$ 50.5	\$ 47.0	38%	38%

- The effective tax rate for both 1H/08 and 1H/07 of 38% was higher than our statutory tax rates of approximately 32% and 35% for 1H/08 and 2007 respectively. Our statutory tax rate for 1H/08 was lower due to a lower federal tax rate and a lower effective provincial tax rate.
- The effective tax rate in 1H/08 was higher than our statutory rate of 32% primarily due to making a payment of \$15.2 million to ISE Ventures, which is not being deducted for tax purposes.
- The effective tax rate in 1H/07 was somewhat higher than our statutory tax rate of 35% for 2007 partially due to adjustments to the value of the future income tax asset.

Segment Analysis

Cash Markets – Equities and Fixed Income

	Q2/08	Q2/07	\$ increase	% increase
Revenue	\$ 108.9	\$ 101.1	\$ 7.8	8%
Net Income	\$ 43.9	\$ 38.1	\$ 5.8	15%

The increase in revenue primarily reflects higher issuer services and market data revenue partially offset by a decline in trading revenue. The increase in net income reflects the increased revenue and investment income, somewhat offset by higher overall expenses including interest expense.

	1H/08	1H/07	\$ increase	% increase
Revenue	\$ 214.6	\$ 197.2	\$ 17.4	9%
Net Income	\$ 74.9	\$ 73.9	\$ 1.0	1%

The increase in revenue primarily reflects higher issuer services and market data revenue partially offset by a decline in trading revenue. Net income was virtually unchanged from 1H/07. While net income increased as a result of higher revenue and investment income, this was offset by higher interest expense of \$3.3 million and higher income taxes as well as by the \$15.2 million payment to ISE Ventures with respect to the termination our previously announced derivatives joint venture.

	June 30, 2008	June 30, 2007	\$ increase/ (decrease)
Goodwill	\$ 46.7	\$ 44.4	\$ 2.3
Total Assets	\$ 568.0	\$ 719.1	\$ (151.1)

The decrease in Total Assets at June 30, 2008 primarily reflects decreased cash and marketable securities due to the repurchase of common shares under our NCIB.

Energy Markets – NGX

	Q2/08	Q2/07	\$ increase	% increase
Revenue	\$ 7.3	\$ 5.3	\$ 2.0	38%
Net Income	\$ 1.5	\$ 1.1	\$ 0.4	36%

The increase in revenue primarily reflects increased volumes following the successful launch of our arrangement with ICE on February 9, 2008, which provided us with access to substantially more customers and included the launch of new products and price increases that were effective in January 2008. The increase in net income reflects the higher revenue somewhat offset by higher expenses.

	1H/08	1H/07	\$ increase	% increase
Revenue	\$ 14.0	\$ 10.2	\$ 3.8	37%
Net Income	\$ 3.2	\$ 1.7	\$ 1.5	88%

The increase in revenue primarily reflects increased volumes following the successful launch of our arrangement with ICE on February 9, 2008 which provided us with access to substantially more customers and included the launch of new products and price increases that were effective in January 2008. The increase in net income reflects the higher revenue somewhat offset by higher expenses.

	June 30, 2008	June 30, 2007	\$ increase
Goodwill	\$ 21.3	\$ 21.3	\$ -
Total Assets	\$ 1,310.1	\$ 869.2	\$ 440.9

Total Assets increased due to an increase in energy contracts receivable of \$334.4 million and an increase of \$97.6 million in the fair value of open energy contracts. The increase reflects higher natural gas prices at the end of June 2008 compared with the end of June 2007.

Derivative Markets – MX

	Q2/08	Q2/07	\$ increase	% increase
Revenue	\$ 13.9	–	\$ 13.9	100%
Net Income	\$ 3.9	–	\$ 3.9	100%

The increase in revenue and net income relates to including the operations of MX which were combined with TMX Group on May 1, 2008.

	1H/08	1H/07	\$ increase	% increase
Revenue	\$ 13.9	–	\$ 13.9	100%
Net Income	\$ 3.9	–	\$ 3.9	100%

The increase in revenue and net income relates to including the operations of MX which were combined with TMX Group on May 1, 2008.

	June 30, 2008	June 30, 2007	\$ increase
Goodwill	\$ 456.2	–	\$ 456.2
Total Assets	\$ 1,632.6	–	\$ 1,632.6

Total Assets increased due to including the operations of MX which were combined with TMX Group on May 1, 2008 including Intangible Assets of \$796.2 million, primarily comprised of derivatives products and trading participants in the amount of \$630.9 million and \$125.8 million, respectively. Also included were Daily settlements and cash deposits of \$153.3 million; Cash and Marketable securities of \$127.0 million; and an investment in BOX of \$77.1 million.

Liquidity and Capital Resources

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)

	June 30, 2008	December 31, 2007	\$ increase
	\$ 345.6	\$ 302.8	\$ 42.8

- The increase was attributable to cash generated from operating activities of \$138.0 million.
- While the combination with MX was financed with long-term debt and common shares, we did acquire cash and marketable securities when we combined with MX. At June 30, 2008, MX had \$127.0 million of cash and marketable securities.
- The increase was partially offset by two dividend payments of \$0.38 per common share, or \$56.2 million in aggregate as well as by payments totalling \$134.4 million relating to the repurchase of common shares under a normal course issuer bid (NCIB) in Q2/08.
- In addition, the increase was partially offset by a payment of \$15.2 million to ISE Ventures relating to the termination of our previously announced derivatives joint venture and by additions to goodwill and intangible assets of \$6.3 million and capital expenditures of \$3.3 million.

Total Assets

(in millions of dollars)

	June 30, 2008	December 31, 2007	\$ increase
	\$ 3,510.7	\$ 1,523.9	\$ 1,986.8

- *Total assets* primarily increased due to recording \$796.2 million of intangible assets and \$456.2 million of goodwill related to the combination with MX. In addition, with the combination we acquired a 31.4% interest in BOX, which is recorded as an investment in affiliate of \$77.1 million.
- *Total assets* also increased due to the inclusion of MX daily settlements and cash deposits receivables of \$153.3 million as at June 30, 2008 related to MX's clearing operations. MX also carried offsetting liabilities related to daily settlements and cash deposits which were \$153.3 million at June 30, 2008. Daily settlements due from/to clearing members consist of amounts due from/to clearing members as a result of marking open futures positions to market and settling option transactions each day that are required to be collected from/paid to clearing members prior to the commencement of the next trading day.

- The overall increase was also due to higher energy contracts receivable of \$1,026.0 million at June 30, 2008 related to the clearing operations of NGX, compared with \$745.4 million at the end of 2007. The higher level of receivables reflected higher natural gas prices at the end of June 2008 compared with the end of December 2007. As the clearing counterparty to every trade, NGX also carries offsetting liabilities in the form of energy contracts payable, which were \$1,026.0 million at June 30, 2008 compared with \$745.4 million at the end of 2007.
- The overall increase also reflected an increase in current assets related to the fair value of open energy contracts (\$224.9 million as at June 30, 2008, compared with \$74.9 million at December 31, 2007). The higher level of receivables reflected higher natural gas prices at the end of June 2008 compared with the end of December 2007. NGX also carried offsetting liabilities related to the fair value of open energy contracts which were \$224.9 million at June 30, 2008 compared with \$74.9 million at December 31, 2007.
- *Total assets* included an increase in cash and cash equivalents and marketable securities of \$42.8 million.

Credit Facilities and Guarantees

Long-term Debt

(in millions of dollars)

	June 30, 2008	December 31, 2007	\$ increase
	\$ 428.1	-	\$ 428.1

- In connection with the combination with MX, we established a non-revolving three-year term unsecured credit facility of \$430.0 million with a syndicate of seven financial institutions. In addition, we also established a revolving three-year unsecured credit facility of \$50.0 million with the same syndicate. TMX Group may draw on these facilities in Canadian dollars by way of prime rate loans and/or Bankers' Acceptances or in U.S. dollars by way of LIBOR loans and/or U.S. base rate loans. Currently, the acceptance fee rate for Bankers' Acceptances and margin for LIBOR loans is 0.45%. On April 30, 2008, we drew \$430.0 million in Canadian funds on the three-year term facility to satisfy the cash consideration of the purchase price for MX. On June 24, 2008, we entered into a series of interest rate swap agreements which will take effect on August 28, 2008 in order to manage our exposure to interest rate fluctuations by fixing the interest rate relating to \$300.0 million of principal as follows:

	Notional value (in millions of dollars)	Interest rate we will pay under swap (excludes 0.45% fee)	Maturity date of swap
	Swap #1 – \$100.0	3.496%	August 31, 2009
	Swap #2 – \$100.0	3.749%	August 31, 2010
	Swap #3 – \$100.0	3.829%	April 18, 2011

These credit facilities contain customary covenants, including a requirement that TMX Group maintain:

- a maximum debt to adjusted EBITDA ratio of 3.5:1, where adjusted EBITDA means earnings on a consolidated basis before interest, taxes, depreciation and amortization, all determined in accordance with GAAP but adjusted to include initial and additional listing fees billed and to exclude initial and additional listing fees reported as revenue;
- a minimum consolidated net worth covenant based on a pre-determined formula; and
- a debt incurrence test whereby debt to adjusted EBITDA must not exceed 3.0:1.

Other Credit Facility and Guarantee

NGX maintains an unsecured clearing backstop fund of U.S. \$100.0 million. We are the guarantor of this fund on an unsecured basis.

CDCC has also arranged a total of \$30.0 million in revolving standby credit facilities with a Canadian Schedule I bank to provide liquidity in the event of default by a clearing member. Borrowings under the facilities, which are required to be collateralized, bear interest based on the bank's prime rate plus 0.75%.

These facilities have not been utilized since the date they were established.

Shareholders' Equity

(in millions of dollars)

	June 30, 2008	December 31, 2007	\$ increase
	\$ 869.0	\$ 171.9	\$ 697.1

- *Shareholders' equity* increased primarily due to an increase in share capital of \$806.6 million relating to the issuance of 15.3 million shares upon our combination with MX. We earned \$82.0 million of net income in 1H/08. In addition, proceeds of \$6.2 million were received on the exercise of options in 1H/08.

- The increase in *shareholders' equity* was partially offset by the repurchase of shares in connection with our NCIB announced on August 1, 2007. On May 2, 2008, we entered into a new pre-defined plan with our designated broker to allow for the repurchase of common shares at times when we would not ordinarily be active in the market due to our own internal trading blackout periods, insider trading rules or otherwise. From May 2, 2008 to June 30, 2008, we repurchased 3,269,776 common shares at a cost of \$143.7 million under our NCIB. In addition, we paid \$56.2 million in dividends during 1H/08.
- At June 30, 2008, there were 78,847,322 common shares issued and outstanding. In 1H/08, 300,402 common shares were issued on the exercise of share options. At June 30, 2008, 4,283,742 common shares were reserved for issuance upon the exercise of options granted under the share option plan. At June 30, 2008, there were 982,923 options outstanding.
- We have obtained approval from Toronto Stock Exchange to issue up to 1.5 million common shares in connection with the purchase price payable for NTP if we exercise our right to acquire NTP from Enbridge and Circuit Technology.
- In connection with the combination with MX, on May 1, 2008, we issued 162,194 share options in exchange for 208,400 MX share options.
- From July 2, 2008 to July 22, 2008, we repurchased 1,171,413 common shares at a cost of \$41.4 million which completed the maximum allowable purchases under our NCIB. At July 29, 2008, there were 77,675,909 common shares issued and outstanding and 982,923 options outstanding under the share option plan.
- On July 30, 2008, our Board of Directors announced that TMX Group intends to file a Notice of Intention with Toronto Stock Exchange to purchase up to 7,592,582 of our common shares by way of an NCIB.
- TMX Group's NCIB is subject to regulatory approval. Purchases of the shares must be carried out through the facilities of Toronto Stock Exchange and will be made in accordance with its requirements.

Cash Flows from Operating Activities

(in millions of dollars)

	Q2/08	Q2/07	Increase in cash
Cash Flows from Operating Activities	\$ 70.2	\$ 44.1	\$ 26.1

Cash Flows from Operating Activities were \$26.1 million higher in Q2/08 compared with Q2/07 due to:

(in millions of dollars)

	Q2/08	Q2/07	Increase/(decrease) in cash
Net income	\$ 49.2	\$ 39.1	\$ 10.1
Amortization	\$ 6.0	\$ 3.8	\$ 2.2
Unrealized (gain) loss on marketable securities	-	\$ 3.3	\$ (3.3)
(Increase) in future income tax asset	\$ (3.5)	\$ (6.0)	\$ 2.5
(Increase)/decrease in accounts receivable and prepaid expenses	\$ 2.4	\$ (10.4)	\$ 12.8
Decrease in other assets	\$ 4.7	\$ 0.4	\$ 4.3
Net increase/(decrease) in accounts payable and accrued liabilities	\$ 3.5	\$ (1.5)	\$ 5.0
Increase/(decrease) in deferred revenue	\$ (2.1)	\$ 9.7	\$ (11.8)
Net increase in income taxes payable	\$ 9.6	\$ 5.2	\$ 4.4
Net increase in other items	\$ 0.4	\$ 0.5	\$ (0.1)
Cash Flows from Operating Activities	\$ 70.2	\$ 44.1	\$ 26.1

(in millions of dollars)

	1H/08	1H/07	Increase in cash
Cash Flows from Operating Activities	\$ 138.0	\$ 113.4	\$ 24.6

Cash Flows from Operating Activities were \$24.6 million higher in 1H/08 compared with 1H/07 due to:

(in millions of dollars)

	1H/08	1H/07	Increase/(decrease) in cash
Net income	\$ 82.0	\$ 75.6	\$ 6.4
Amortization	\$ 10.2	\$ 7.5	\$ 2.7
Unrealized (gain) loss on marketable securities	\$ (0.8)	\$ 3.8	\$ (4.6)
(Increase) in future income tax asset	\$ (3.9)	\$ (10.1)	\$ 6.2
(Increase) in accounts receivable and prepaid expenses	\$ (7.3)	\$ (20.7)	\$ 13.4
Decrease in other assets	\$ 3.9	\$ 0.9	\$ 3.0
Net (decrease) in accounts payable and accrued liabilities	\$ (10.4)	\$ (11.9)	\$ 1.5
Increase in deferred revenue	\$ 65.3	\$ 82.1	\$ (16.8)
Net (decrease) in income taxes payable	\$ (1.7)	\$ (14.9)	\$ 13.2
Net increase in other items	\$ 0.7	\$ 1.1	\$ (0.4)
Cash Flows from Operating Activities	\$ 138.0	\$ 113.4	\$ 24.6

Cash Flows from (used in) Financing Activities

(in millions of dollars)

	Q2/08	Q2/07	Increase in cash
Cash Flows from (used in) Financing Activities	\$ 1,069.7	\$ (26.0)	\$ 1,095.7

Cash Flows from Financing Activities were \$1,095.7 million higher in Q2/08 compared with Q2/07 due to:

(in millions of dollars)

	Q2/08	Q2/07	Increase/(decrease) in cash
Net proceeds on term loan used to finance cash portion of purchase price for MX	\$ 428.0	-	\$ 428.0
Issuance of common shares on combination with MX	\$ 806.6	-	\$ 806.6
Dividends paid on common shares	\$ (31.0)	\$ (26.1)	\$ (4.9)
Repurchase of common shares under NCIB	\$ (134.4)	-	\$ (134.4)
Net increase/(decrease) in other items	\$ 0.5	\$ 0.1	\$ 0.4
Cash Flows from (used in) Financing Activities	\$ 1,069.7	\$ (26.0)	\$ 1,095.7

(in millions of dollars)

	1H/08	1H/07	Increase in cash
Cash Flows from (used in) Financing Activities	\$ 1,050.1	\$ (49.2)	\$ 1,099.3

Cash Flows from Financing Activities were \$1,099.3 million higher in 1H/08 compared with 1H/07 due to:

(in millions of dollars)

	1H/08	1H/07	Increase/(decrease) in cash
Net proceeds on term loan used to finance cash portion of purchase price for MX	\$ 428.0	-	\$ 428.0
Issuance of common shares on combination with MX	\$ 806.6	-	\$ 806.6
Proceeds from exercised options	\$ 6.2	\$ 3.3	\$ 2.9
Dividends paid on common shares	\$ (56.2)	\$ (52.1)	\$ (4.1)
Repurchase of common shares under NCIB	\$ (134.4)	-	\$ (134.4)
Net increase (decrease) in other items	\$ (0.1)	\$ (0.4)	\$ 0.3
Cash Flows from (used in) Financing Activities	\$ 1,050.1	\$ (49.2)	\$ 1,099.3

Cash Flows from (used in) Investing Activities

(in millions of dollars)

	Q2/08	Q2/07	(Decrease) in cash
Cash Flows from (used in) Investing Activities	\$ (1,084.9)	\$ (30.2)	\$ (1,054.7)

Cash Flows (used in) Investing Activities were \$1,054.7 million higher in Q2/08 compared with Q2/07 due to:

(in millions of dollars)

	Q2/08	Q2/07	Increase/(decrease) in cash
Acquisitions of MX and Equicom, net of cash	\$ (1,170.6)	\$ (8.2)	\$ (1,162.4)
Payment to ISE Ventures related to termination of joint venture	\$ (15.2)	-	\$ (15.2)
Capital expenditures primarily related to leasehold improvements and technology investments	\$ (1.9)	\$ (1.2)	\$ (0.7)
Additions to intangible assets including TSX Quantum and SOLA internal development costs	\$ (2.7)	\$ (1.9)	\$ (0.8)
Additions to goodwill related to Equicom	\$ (2.1)	-	\$ (2.1)
Net sale (purchase) of marketable securities	\$ 107.6	\$ (18.9)	\$ 126.5
Cash Flows from (used in) Investing Activities	\$ (1,084.9)	\$ (30.2)	\$ (1,054.7)

(in millions of dollars)

	1H/08	1H/07	(Decrease) in cash
Cash Flows from (used in) Investing Activities	\$ (1,122.8)	\$ (64.5)	\$ (1,058.3)

Cash Flows (used in) Investing Activities were \$1,058.3 million higher in 1H/08 compared with 1H/07 due to:

(in millions of dollars)

	1H/08	1H/07	Increase/(decrease) in cash
Acquisitions of MX and Equicom, net of cash	\$ (1,170.6)	\$ (8.2)	\$ (1,162.4)
Payment to ISE Ventures related to termination of joint venture	\$ (15.2)	-	\$ (15.2)
Capital expenditures primarily related to leasehold improvements and technology investments	\$ (3.3)	\$ (2.2)	\$ (1.1)
Additions to intangible assets including TSX Quantum and SOLA internal development costs	\$ (4.1)	\$ (1.9)	\$ (2.2)
Additions to goodwill related to Equicom	\$ (2.1)	-	\$ (2.1)
Net sale (purchase) of marketable securities	\$ 72.5	\$ (52.2)	\$ 124.7
Cash Flows from (used in) Investing Activities	\$ (1,122.8)	\$ (64.5)	\$ (1,058.3)

Financial Instruments

Cash, Cash Equivalents and Marketable Securities

Our financial instruments include cash, cash equivalents and investments in marketable securities. This includes units in a money market fund and a short-term bond and mortgage fund. Marketable securities also includes the investment portfolio of MX, which is managed by an external advisor, which includes federal, provincial and corporate bonds as well as asset backed debt securities. The primary risks related to these marketable securities are variation in interest rates and credit risk. For a description of these risks, please refer to "Credit Risk – Marketable Securities" and "Interest Rate Risk – Marketable Securities".

These investments are recorded at fair value and the unrealized gains of \$0.4 million and unrealized gains of \$0.8 million were recorded in investment income in Q2/08 and 1H/08 respectively, compared with unrealized losses of \$3.3 million and \$3.8 million in Q2/07 and 1H/07 respectively.

CDCC – Daily Settlements and Cash Deposits

Amounts due from and to clearing members as a result of marking open futures positions to market and settling option transactions each day are required to be collected from or paid to clearing members prior to the commencement of trading the next day. The amounts due from and due to clearing members are recognized in the consolidated assets and liabilities as daily settlements and cash deposits. There is no impact on the consolidated statement of income. The primary risks associated with these financial instruments are credit risk and market risk. For a description of these risks, please refer to "Credit Risk – CDCC" and "Market Risk – CDCC".

Long-term Debt

In connection with the combination with MX, we established a non-revolving three-year term unsecured credit facility of \$430.0 million. In addition, we also established a revolving three-year unsecured credit facility of \$50.0 million with the same syndicate (see **Long-term Debt**). The long-term debt is subject to interest rate risk. For a description of this risk, please refer to "Interest Rate Risk – Long-term Debt".

Derivative Financial Instruments

Total Return Swaps

We have entered into total return swaps which synthetically replicate the economics of TSX Inc. purchasing our shares as a partial fair value hedge to the share appreciation rights of deferred share units (DSUs) and restricted share units (RSUs) that are awarded to our directors and employees. The contracts are settled in cash upon maturity. The obligation to unit holders is reflected on the balance sheet. These total return swaps are subject to credit risk and market risk. For a description of these risks, please refer to “*Credit Risk – Total Return and Interest Rate Swaps*” and “*Market Risk – Total Return Swaps*”. We mark to market the value of the hedged units as an adjustment to income and simultaneously mark to market the liability to unit holders as an adjustment to income. The fair values of the total return swaps were an asset of \$0.4 million at June 30, 2008 and a liability of \$1.1 million at June 30, 2007. During Q2/08, unrealized gains of \$2.0 million were reflected as a decrease in compensation and benefits costs and general and administration costs. During Q2/07, unrealized losses of \$3.5 million were reflected as an increase in compensation and benefits costs and general and administration costs. During 1H/08, unrealized losses of \$3.6 million were reflected as an increase in compensation and benefits costs and general and administration costs. During 1H/07, unrealized losses of \$2.2 million were reflected as an increase in compensation and benefits costs and general and administration costs.

NGX – Fair Value of Open Energy Contracts

As part of its clearing operations, NGX becomes the central counterparty to each transaction. We record NGX’s energy contract receivables and offsetting payables for all contracts where physical delivery has occurred or financial settlement amounts have been determined prior to the period end but payments have not been made. The fair value at the balance sheet date of the undelivered physically settled trading contracts and the forward financially settled trading contracts is recognized in the consolidated assets and liabilities as open energy contracts. There is no impact on the consolidated statement of income. The primary risks related to these financial instruments are credit risk and market risk. For a description of these risks, please refer to “*Credit Risk – NGX*” and “*Market Risk – NGX*”.

Interest Rate Swaps

On June 24, 2008, we entered into a series of interest rate swap agreements which will take effect on August 28, 2008, to manage our exposure to interest rate fluctuations on the non-revolving three-year term facility. These interest rate swaps are subject to credit risk. For a description of this risk, please refer to “*Credit Risk – Total Return and Interest Rate Swaps*”. Once in effect, we will mark to market the fair value of the interest rate swaps as an adjustment to income, and simultaneously mark to market the non-revolving three-year term facility as an adjustment to income.

Quarterly Information

(in thousands of dollars except per share amounts)

	June 30/08	Mar. 31/08	Dec. 31/07	Sept. 30/07	June 30/07	Mar. 31/07	Dec. 31/06	Sept. 30/06
Revenue	\$ 130,077	\$ 112,353	\$ 111,191	\$ 106,127	\$ 106,364	\$ 101,102 ⁺	\$ 91,025	\$ 81,197
Net Income	49,227	32,746	30,439	42,682	39,128	36,448	35,116	33,217
Earnings per share:								
Basic	0.65	0.49	0.46	0.63	0.57	0.53	0.51	0.49
Diluted	0.65	0.49	0.45	0.62	0.57	0.53	0.51	0.48

2006

- Revenue in Q4/06 improved over revenue in Q3/06 primarily due to higher trading, market data and issuer services revenue. Net income for Q4/06 increased over Q3/06 primarily due to the increased revenue partially offset by higher overall expenses.

2007

- Revenue in Q1/07 improved over revenue in Q4/06 primarily due to higher market data and issuer services revenue. Net income for Q1/07 increased over Q4/06 primarily due to the increased revenue partially offset by higher overall expenses.
- Revenue in Q2/07 improved over revenue in Q1/07 primarily due to higher issuer services, trading and market data revenue. Net income for Q2/07 increased over Q1/07 primarily due to the increased revenue and lower overall expenses, somewhat offset by lower investment income.
- Revenue in Q3/07 declined slightly over revenue in Q2/07. Increased revenue from issuer services was more than offset by decreases in other sources of revenue. Net income for Q3/07 increased over Q2/07 primarily due to higher investment income and lower income taxes.

+ Revenue adjusted to reflect reclassification of interest income from Business Services and Other Revenue to Investment income.

- Revenue in Q4/07 increased over revenue in Q3/07 primarily due to higher issuer services, trading and market data revenue. Net income for Q4/07 decreased over Q3/07 primarily due to increased income taxes as a result of a \$13.3 million reduction to the value of the future income tax asset and increased expenses which more than offset the higher revenue.

2008

- Revenue in Q1/08 increased over revenue in Q4/07 primarily due to higher market data and issuer services revenue. Net income for Q1/08 increased over Q4/07 primarily due to a decrease in expenses and higher revenue. Net income for Q1/08 was reduced due to a payment of \$15.2 million to ISE Ventures related to exiting our previously announced joint venture to operate DEX, whereas in Q4/07, net income was reduced due to increased income taxes as a result of a \$13.3 million reduction to the value of the future income tax asset.
- Revenue in Q2/08 improved over revenue in Q1/08 primarily due to revenue associated with the combination with MX and increased issuer services and market data revenue. Net income for Q2/08 increased over Q1/08 primarily due to the increase in revenue, somewhat offset by an increase in expenses, including interest expense, and a decrease in investment income.

Adoption of Accounting Policies

Capital Disclosures

On January 1, 2008, we adopted standards set by the Canadian Institute of Chartered Accountants (CICA) in Handbook Section 1535 “Capital Disclosures”, which establishes standards for disclosing an entity’s objectives, policies and processes for managing capital.

Our primary objectives in managing capital include:

- Maintaining sufficient capital for operations to ensure market confidence. We do this by managing our capital subject to capital maintenance requirements imposed on our subsidiaries:
 - In respect of Toronto Stock Exchange, as required by the Ontario Securities Commission (OSC) to maintain certain regulatory ratios as defined in the OSC recognition order, as follows:
 - a current ratio not less than 1.1:1;
 - a debt to cash flow ratio not greater than 4:1; and
 - a financial leverage ratio consisting of adjusted total assets to adjusted shareholders’ equity not greater than 4:1.
 - In respect of TSX Venture Exchange, as required by various provincial securities commissions to maintain adequate financial resources.

We have complied with these externally imposed capital requirements.

- In respect of NGX, to:
 - maintain adequate financial resources, as required by the Alberta Securities Commission; and
 - maintain a current ratio of no less than 1:1 and a tangible net worth of not less than \$9.0 million, as required by a major Canadian chartered bank.

We have complied with these externally imposed capital requirements.

- In respect of Shorcan, by IIROC which requires Shorcan to maintain a minimum level of shareholder’s equity of \$0.5 million.

We have complied with this externally imposed capital requirement.

- In respect of MX, as required by the Autorité des marchés financiers (AMF) to maintain certain regulatory ratios as defined in the AMF recognition order, as follows:
 - a working capital ratio of not less than 1.5:1;
 - cash flow to total debt outstanding of more than 20%; and
 - a financial leverage ratio less than 4:1.

Under the terms of the AMF decision recognizing MX as an exchange and SRO and pursuant to the Rules of MX regarding the Regulatory Division, no regulatory fees, fines or penalties collected by or on behalf of the Regulatory Division may be distributed to MX or any entity other than the Regulatory Division itself. As a result, the use of regulatory fees, fines and penalties collected by or on behalf of the Regulatory Division may be considered restricted, and MX could be required to report the related cash balances, if any, as restricted cash in future periods. At June 30, 2008, an amount of \$1.5 million is included in restricted cash.

We have complied with these externally imposed capital requirements.

- Providing sufficient capital to meet the covenants imposed in connection with our long-term debt (see **Long-term Debt**).
- Retaining sufficient capital to invest in, and continue to grow, our business both organically and through acquisitions.
- Increasing total returns to shareholders through methods such as dividends and purchasing shares for cancellation pursuant to normal course issuer bids.

Financial Instruments Disclosure and Presentation

On January 1, 2008, we adopted standards set by the CICA in Handbook Section 3862 “Financial Instruments – Disclosure” and Section 3863 “Financial Instruments – Presentation”. These sections enhance disclosure requirements on the nature and extent of risks arising from financial instruments and how the entity manages these risks.

Credit Risk

Credit risk is the risk of financial loss associated with a counterparty’s failure to fulfill its financial obligations and arises principally from investments in marketable securities, total return swaps, accounts receivable and the clearing and/or brokerage operations of Shorcan, NGX and CDCC.

Credit Risk – Marketable Securities

TMX Group, excluding MX, manages our exposure to credit risk arising from investments in marketable securities by limiting the investment in short-term bond and mortgage funds to a maximum of 70% of the investment portfolio and a minimum 10% in money market funds. Corporate bonds must have a minimum credit rating of BBB by DBRS Limited. Mortgages may not comprise more than 40% of the portfolio and must be either multi-residential conventional first mortgages or multi-residential government guaranteed mortgages. TMX Group does not have any investments in non-bank, asset-backed commercial paper. At June 30, 2008, the investment portfolio was comprised of 37% in short-term bond and mortgage funds and 63% in money market funds, compared with 60% in short-term bond and mortgage funds and 40% in money market funds at June 30, 2007.

MX manages its exposure to credit risk arising from investments in marketable securities by limiting total short term investment in bonds to a maximum of 30% in Schedule A Canadian chartered banks (Bank bonds) with the balance in Federal and Provincial bonds, while limiting total medium-term investment in corporate bonds to a maximum of 35% with the balance in Federal and Provincial bonds. Corporate bonds must have a minimum credit rating of AAA by DBRS Limited. At June 30, 2008, the MX investment portfolio was comprised of 25% in Bank bonds, 65% in Federal and Provincial bonds and 10% in Corporate Bonds.

Credit Risk – Total Return and Interest Rate Swaps

We have entered into total return swaps which synthetically replicate the economics of TSX Inc. purchasing our shares as a partial economic hedge to the share appreciation rights of DSUs and RSUs that are awarded to our directors and employees. The contracts are settled in cash upon maturity. The obligation to unit holders is reflected on the balance sheet. In addition, we entered into interest rate swaps, which take effect on August 28, 2008, in order to manage our exposure to interest rate fluctuations on our long-term debt (see **Long-term Debt**). To manage credit risk, we entered into these total return and interest rate swaps with major Canadian chartered banks.

Credit Risk – NGX, Shorcan and CDCC

We are exposed to credit risk in the event that customers, in the case of Shorcan, contracting parties, in the case of NGX, or clearing members, in the case of CDCC, fail to settle on the contracted settlement date.

Shorcan’s exposure is limited by the nature of the customers being primarily broker dealers, banks and other financial institutions. Shorcan also has the right to withdraw its normal policy of anonymity and advise the two counterparties to settle directly.

NGX requires each contracting party to provide sufficient collateral, in the form of cash or letters of credit, to exceed its outstanding credit exposure as determined by NGX in accordance with its margining methodology. The cash collateral deposits and letters of credit are held by a major Canadian chartered bank. This collateral may be accessed by NGX in the event of default by a contracting party. NGX measures total potential exposure for both credit and market risk for each contracting party on a real-time basis as the aggregate of:

- outstanding energy contracts receivable;
- “Variation Margin”, comprised of the aggregate “mark to market” exposure for all forward purchase and sale contracts with an adverse value from the perspective of the customer; and
- “Initial Margin”, an amount that estimates the worst expected loss that a contract might incur under normal market conditions during a liquidation period.

As a result of these calculations of contracting party exposure at June 30, 2008, NGX held cash collateral deposits of \$490.2 million and letters of credit of \$2,534.8 million, compared with cash collateral deposits of \$317.7 million and letters of credit of \$2,108.0 million at June 30, 2007.

NGX also maintains an unsecured clearing backstop fund of U.S. \$100.0 million. TMX Group is the unsecured guarantor of this fund.

Credit Risk – CDCC

CDCC is exposed to the risk of default of its clearing members. CDCC is the central counterparty and guarantor of all transactions carried out on MX's markets and on some OTC products. It primarily supports the risk of one or more counterparties, meeting strict financial and regulatory criteria, defaulting on their obligations, in which case the obligations of that counterparty would become the responsibility of CDCC. This risk is greater if market conditions are unfavourable at the time of the default.

In order to manage the risks associated with the default of its clearing members, CDCC's principal technique is the collection of risk-based margin deposits in the form of cash, letters of credit, equities and liquid government securities. Should a clearing member fail to meet a daily margin call or otherwise not honour their obligations under open futures and options contracts, margin deposits would be available to apply against the costs incurred to liquidate the contracting party's positions.

CDCC's margining system is complemented by a stress reporting system. This process evaluates the financial strength of a clearing member to meet margin requirements that might result from a sudden adverse change in the market. Clearing members who fail to meet the criteria are required to deposit a stress margin.

CDCC also maintains a clearing fund through deposits of cash and securities from all clearing members. The aggregate level of clearing funds required from each contracting party is 12% of the largest aggregate daily margin requirement of that clearing member over the preceding calendar month. If, by a clearing member's default, further funding is necessary to complete a liquidation, CDCC has the right to require other clearing members to contribute additional amounts equal to their previous contribution to the clearing fund.

CDCC's margin collateral deposits and clearing fund deposits are held by a major Canadian chartered bank. This collateral may be accessed by CDCC in the event of default by a clearing member. As a result of these calculations of clearing member exposure at June 30, 2008, CDCC held margin collateral deposits of \$3,942.9 million and clearing fund deposits of \$206.4 million.

CDCC maintains \$30 million in revolving standby credit facilities in the event of default by a clearing member. Borrowings under these facilities would be required to be collateralized. This facility has not been drawn upon at June 30, 2008.

Credit Risk – Accounts Receivable

Our exposure to credit risk resulting from uncollectable accounts is influenced by the individual characteristics of our customers, many of whom are listed issuers or financial institutions. There is no concentration of credit risk attributable to transactions with a single customer. In addition, customers that fail to maintain their account in good standing risk loss of listing or trading privileges.

Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect our income or the value of our holdings of financial instruments.

Market Risk – Total Return Swaps

We are exposed to market risk arising from our utilization of total return swaps to partially hedge the share appreciation rights of DSUs and RSUs that are awarded to our directors and employees. The fair value of the total return swaps is based upon the excess or deficit of the volume weighted average price of our shares for the last five days of the month compared with our share price at the date of entering into the total return swaps. The change in the fair value of the total return swaps is offset by the change in the obligation to DSU and RSU holders.

Interest Rate Risk – Marketable Securities

We are exposed to interest rate risk on our marketable securities. We have engaged external investment fund managers to manage the asset mix and the risks associated with these investments. At June 30, 2008, we held \$226.9 million in these funds, compared with \$334.2 million at June 30, 2007.

Interest Rate Risk – Long-term Debt

We are exposed to interest rate risk on our long-term debt. In order to manage our exposure to interest rate fluctuations, we have entered into a series of interest rate swap agreements which will take effect on August 28, 2008, which fix the interest rate relating to \$300.0 million of the principal amount.

Foreign Currency Risk – Market Data and NGX

We are exposed to foreign currency risk on sales, cash, cash equivalents, marketable securities and accounts receivable denominated in U.S. dollars. At June 30, 2008, cash, cash equivalents, accounts receivable and marketable securities included \$44.1 million, compared with \$9.5 million at June 30, 2007, which are exposed to changes in the U.S. – Canadian dollar exchange rate.

Other Market Price Risk – NGX, Shorcan and CDCC

We are exposed to other market price risk from the activities of Shorcan, NGX and CDCC if a customer, contracting party or clearing member, as the case may be, fails to take or deliver either securities, energy products or derivatives products on the contracted settlement date where the contracted price is less favourable than the current market price.

Shorcan's risk is limited by its status as an agent, in that it does not purchase or sell securities for its own account, the short period of time between trade date and settlement date, the quality of its customers and the defaulting customer's liability for any difference between the amounts received upon sale of the securities and the amount paid to acquire the securities.

Both NGX's and CDCC's measure of total potential exposure, as described previously, includes measures of market risk which are factored into the collateral required from each contracting party or clearing member.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due.

We manage liquidity risk through the management of our revolving and non revolving credit facilities (see **Long-term Debt**), secured and unsecured backstop funds and capital.

Other Comprehensive Income

As a result of our combination with MX on May 1, 2008 our consolidated financial statements include Statements of Comprehensive Income not previously included in our consolidated financial statements and accompanying notes for the year ended December 31, 2007.

Other comprehensive income represents the unrealized gain or loss on the foreign currency translation of BOX, a self-sustaining foreign establishment, which amounted to \$1 million for Q2/08 and 1H/08.

Future Accounting Changes

Goodwill and Intangible Assets

In February 2008, the CICA issued CICA Handbook Section 3064 – Goodwill and Intangible Assets, which replaces CICA HB 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. As this standard applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2008, we will adopt this new standard effective January 1, 2009 retrospectively with a restatement of prior periods.

International Financial Reporting Standards (IFRS)

In February 2008, the CICA announced that Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises will be replaced by International Financial Reporting Standards (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 our financial reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. We are currently assessing the impact of adopting IFRS before 2011. If we decide to proceed with early adoption of IFRS, we would be required to obtain exemptive relief from Canadian securities regulators.

Contractual Obligations

In addition to MX's commitment to purchase an additional 21.9% partnership in BOX (as outlined above under **MX Initiatives – BOX**), MX's material contractual obligations under firm contractual arrangements include operating lease agreements expiring between 2008 and 2015 for our premises and equipment, and licence and maintenance agreements until 2010.

Update to Risks and Uncertainties

In addition to the risks and uncertainties outlined in our 2007 MD&A, we face, among others, the following risks and uncertainties with respect to MX's derivatives and clearing operations.

We Face Risks Associated With Integrating the Operations, Systems and Personnel of TMX Group

The success of the combination will depend in large part on the success of the management of TMX Group in integrating the operations, systems and personnel of MX. The failure to successfully integrate the operations of TMX Group and MX, or otherwise to realize any of the anticipated benefits of the combination, could impair the operating results, profitability and financial results of TMX Group. In particular, a failure to realize the cost synergies in whole or in part, and the enhanced growth opportunities described above under the section **Strategy Update** could materially adversely affect TMX Group's operating results. Realization of the anticipated benefits of the combination will depend in part on whether the operations, systems and personnel can be completely integrated in an efficient and effective manner. Moreover, the overall integration of the companies may result in unanticipated operational issues, expenses and liabilities.

MX Faces Competition from Other Marketplaces

MX is in direct competition with other derivatives exchanges as well as alternative trading systems. Increased competition could lead to reduced interest in MX's products and pressure on transaction prices, among other things, which could materially adversely affect our business and operating results.

MX Depends Heavily on Information Technology which could Fail or Malfunction

MX is entirely automated, and therefore MX is highly dependent on its information technology systems. MX has implemented fully-redundant parallel processing back-up systems and fail-safes to minimize the risk of system interruptions or outages that could affect MX's trading and clearing operations. In addition, in June 2007, MX completed BOX's full redundancy and back-up systems. If these systems are significantly compromised or disrupted or if the systems suffer repeated failures, this could interrupt MX's trading and clearing services; cause delays in settlement, cause MX to lose data; corrupt MX's trading and clearing operations, data and records; or disrupt its business operations. This could undermine confidence in MX's trading and clearing systems and materially adversely affect our reputation or operating results, and may lead to customer claims, litigation and regulatory sanctions.

MX is Subject to Significant Regulatory Constraints

MX is subject to numerous regulatory requirements governing its activities. MX carries on these activities in accordance with the regulations of securities regulators in Canada, the U.S., France and the U.K., and, given our development plans, could eventually be subject to the regulations of other jurisdictions. Regulatory trends are not always predictable. Unexpected and new regulatory requirements could materially adversely affect our organization, customers, market position and results.

Internal Control over Financial Reporting

As outlined above under **Strategy Update**, on May 1, 2008, we completed our business combination with MX, previously a reporting issuer subject to the certification requirements of Canadian securities legislation. Following the combination, we have extended our compliance program to include internal control over financial reporting of MX. There were no changes to internal control over financial reporting during the quarter ended June 30, 2008 that materially affected, or are reasonable likely to materially affect our internal control over financial reporting.

Forward-Looking Information

This MD&A contains "forward looking information" (as defined in applicable Canadian securities legislation) that is based on expectations, estimates and projections as of the date of this MD&A. Often, but not always, such forward looking information can be identified by the use of forward looking words such as "plans", "expects", "is expected", "budget", "scheduled", "targeted", "estimates", "forecasts", "intends", "anticipates", "believes", or variations or the negatives of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved or not be taken, occur or be achieved. Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of TMX Group to be materially different from any future results, performance or achievements expressed or implied by the forward looking information in this MD&A.

Examples of such forward looking information in this MD&A include, but are not limited to factors relating to stock and derivatives exchanges and the business, financial position, operations and prospects of TMX Group, including the creation (through the combination with MX) of opportunities to create cost and revenue synergies, which are subject to significant risks and uncertainties, including competition from other exchanges or marketplaces, including alternative trading systems, new technologies and other sources, on a national or international basis; dependence on the economy of Canada; failure to retain and attract qualified personnel; geopolitical factors which could cause business interruption; dependence on information technology; failure to implement our strategies; changes in regulation; risks of litigation; failure to develop or gain acceptance of new products; adverse effect of new business activities; dependence of trading operations on a small number of clients; the risks associated with NGX's and MX's clearing operations; the risks associated with the credit of customers; cost structures being largely fixed; and dependence on market activity that cannot be controlled; and the risk that the cost savings, growth prospects and any other synergies expected to result from the combination with MX may not be fully realized or may take longer to materialize than expected. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward looking information contained in this MD&A.

Such forward looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions in connection with the ability of TMX Group to successfully compete against global exchanges by creating through the combination with MX an enterprise of increased scale; the accuracy, timing and ability to realize the projected synergies in respect of expected cash flows, cost savings and profitability, which will be dependent on, but not limited to, such factors as optimizing technology and data centres, reducing corporate costs and rationalizing premises (cost synergies are presented in this MD&A to provide one strategic rationale to support the benefits of the combination with MX and these estimated cost synergies should not be relied on for any other purpose); business and economic conditions generally; exchange rates (including estimates of the U.S. dollar – Canadian dollar exchange rate), the level of trading and activity on markets, and particularly the level of trading in TMX Group's key products; the continued availability of financing on appropriate terms for future projects; productivity at TMX Group, as well as that of TMX Group's competitors; market competition; research & development activities; the successful introduction of new derivatives and equity products; tax benefits/charges; the impact on TMX Group of various regulations and initiatives; TMX Group's ongoing relations with their employees; and the extent of any labour, equipment or other disruptions at any of their operations of any significance other than any planned maintenance or similar shutdowns.

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward looking information, except as required by applicable securities law. This forward looking information should not be relied upon as representing our views as of any date subsequent to the date of this MD&A. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. **There can be no assurance that forward looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information.** These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items and additional risk factors are discussed in TMX Group's materials, including our 2007 Annual MD&A and Annual Information Form. Please see the risk factors outlined in the previously mentioned documents, which risk factors are specifically incorporated by reference, filed with the securities regulatory authorities in Canada from time to time, and the impact upon them of subsequently reported items.

July 30, 2008

Interim Consolidated Balance Sheets

(In thousands of dollars) (Unaudited)

	June 30, 2008	December 31, 2007 (audited)
Assets		
Current Assets:		
Cash and cash equivalents	\$ 118,653	\$ 53,398
Marketable securities (note 11)	226,930	249,399
Restricted cash (note 1)	1,481	-
Accounts receivable	61,432	48,438
Energy contracts receivable (note 11)	1,025,951	745,378
Fair value of open energy contracts (note 11)	224,925	74,907
Daily settlements and cash deposits (note 11)	153,307	-
Prepaid expenses	11,062	6,561
Future income tax asset (note 2)	26,335	22,840
	1,850,076	1,200,921
Premises and equipment	27,417	21,324
Future income tax asset (note 2)	134,748	131,613
Other assets	22,191	25,869
Investments in affiliates (note 2)	89,068	11,731
Intangible assets (note 2)	862,896	66,578
Goodwill (note 2)	524,267	65,883
Total Assets	\$ 3,510,663	\$ 1,523,919
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 56,717	\$ 48,175
Energy contracts payable (note 11)	1,025,951	745,378
Fair value of open energy contracts (note 11)	224,925	74,907
Daily settlements and cash deposits (note 11)	153,307	-
Deferred revenue	49,540	6,484
Deferred revenue – initial and additional listing fees	66,381	61,820
Obligation under capital lease	44	152
Income taxes payable	6,833	9,724
	1,583,698	946,640
Accrued employee benefits payable	12,474	12,113
Future income tax liability (note 2)	212,559	-
Obligation under capital lease	50	71
Other liabilities	24,083	30,331
Deferred revenue – initial and additional listing fees	380,700	362,854
Term loan (note 4)	428,127	-
Total Liabilities	2,641,691	1,352,009
Shareholders' Equity:		
Share capital (note 7)	1,146,098	379,370
Share option plan (note 6)	4,719	5,060
Deficit	(282,792)	(212,520)
Accumulated other comprehensive income (note 1)	947	-
Total Shareholders' Equity	868,972	171,910
Total Liabilities and Shareholders' Equity	\$ 3,510,663	\$ 1,523,919

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Income

<i>(In thousands of dollars, except per share amounts) (Unaudited)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Revenue:				
Issuer services	\$ 38,317	\$ 32,248	\$ 75,956	\$ 62,396
Trading, clearing and related (note 1)	52,728	42,880	94,753	84,995
Market data (note 1)	33,085	27,787	62,205	54,378
Business services and other (note 1)	5,947	3,449	9,516	5,697
Total revenue	130,077	106,364	242,430	207,466
Expenses:				
Compensation and benefits	25,614	22,331	48,766	47,660
Information and trading systems	8,672	6,525	15,830	13,126
General and administration	13,972	10,199	24,212	21,269
Amortization	6,033	3,771	10,227	7,512
Total operating expenses	54,291	42,826	99,035	89,567
Income from operations	75,786	63,538	143,395	117,899
Income from investments in affiliates (note 2)	368	21	499	62
Investment income	3,371	1,122	7,817	5,109
Interest expense (note 4)	(3,071)	(256)	(3,333)	(483)
Other acquisition related expenses (note 2)	(750)	-	(15,902)	-
Income before income taxes	75,704	64,425	132,476	122,587
Income taxes	26,477	25,297	50,503	47,011
Net income	\$ 49,227	\$ 39,128	\$ 81,973	\$ 75,576
Earnings per share (note 9):				
Basic	\$ 0.65	\$ 0.57	\$ 1.15	\$ 1.10
Diluted	0.65	0.57	1.15	1.10

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

<i>(In thousands of dollars) (Unaudited)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net income	\$ 49,227	\$ 39,128	\$ 81,973	\$ 75,576
Other comprehensive income				
Unrealized gain on translating financial statements of a self-sustaining foreign operation (note 1)	947	–	947	–
Comprehensive income	\$ 50,174	\$ 39,128	\$ 82,920	\$ 75,576

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Changes in Shareholders' Equity

<i>(In thousands of dollars) (Unaudited)</i>	Six months ended June 30,	
	2008	2007
Common shares:		
Balance, beginning of period	\$ 379,370	\$ 387,501
Issuance of common shares (note 2)	806,573	-
Shares purchased under normal course issuer bid (note 7)	(47,644)	-
Proceeds from options exercised	6,246	3,344
Cost of exercised options	1,553	911
Balance, end of period	1,146,098	391,756
Share option plan:		
Balance, beginning of period	5,060	3,942
Cost of exercised options	(1,553)	(911)
Cost of share option plan	903	1,161
Options issued (note 2)	309	-
Balance, end of period	4,719	4,192
Deficit:		
Balance, beginning of period	(212,520)	(164,488)
Transitional adjustment	-	621
Net income	81,973	75,576
Dividends on common shares	(56,158)	(52,142)
Shares purchased under normal course issuer bid (note 7)	(96,087)	-
Balance, end of period	(282,792)	(140,433)
Accumulated other comprehensive income:		
Balance, beginning of period	-	-
Impact of changes in foreign currency rates on net investment in a self-sustaining foreign operation (note 1)	947	-
Balance, end of period	947	-
Shareholders' equity, end of period	\$ 868,972	\$ 255,515

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

<i>(In thousands of dollars) (Unaudited)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Cash flows from (used in) operating activities:				
Net income	\$ 49,227	\$ 39,128	\$ 81,973	\$ 75,576
Adjustments to determine net cash flows:				
Amortization	6,033	3,771	10,227	7,512
Unrealized (gain) loss on marketable securities	(40)	3,276	(842)	3,786
(Income) from investments in affiliates	(368)	(21)	(499)	(62)
Cost of share option plan	457	535	903	1,161
Issuance of share options	309	-	309	-
Amortized financing fees	110	-	110	-
Future income tax asset	(3,548)	(6,006)	(3,941)	(10,100)
Accounts receivable and prepaid expenses	2,363	(10,385)	(7,341)	(20,716)
Other assets	4,670	428	3,868	857
Accounts payable and accrued liabilities	1,250	2,617	(4,469)	(9,092)
Long term accrued and other liabilities	2,202	(4,160)	(5,887)	(2,790)
Deferred revenue	(2,077)	9,688	65,261	82,141
Income taxes payable, net	9,642	5,228	(1,688)	(14,920)
	70,230	44,099	137,984	113,353
Cash flows from (used in) financing activities:				
Restricted cash	(74)	-	(74)	-
Reduction in obligation under capital lease	(14)	(203)	(155)	(430)
Proceeds from exercised options	517	273	6,246	3,344
Dividends on common shares	(30,970)	(26,070)	(56,158)	(52,142)
Shares purchased under normal course issuer bid	(134,372)	-	(134,372)	-
Proceeds from term loan, net	428,017	-	428,017	-
Issuance of common shares	806,573	-	806,573	-
	1,069,677	(26,000)	1,050,077	(49,228)
Cash flows from (used in) investing activities:				
Additions to goodwill	(2,142)	-	(2,142)	-
Additions to premises and equipment	(1,905)	(1,193)	(3,264)	(2,207)
Additions to intangible assets	(2,751)	(1,925)	(4,148)	(1,925)
Payment for termination of joint venture (note 2)	(15,152)	-	(15,152)	-
Marketable securities	107,625	(18,911)	72,503	(52,223)
Acquisitions, net of cash acquired (note 2)	(1,170,603)	(8,142)	(1,170,603)	(8,142)
	(1,084,928)	(30,171)	(1,122,806)	(64,497)
Increase (decrease) in cash and cash equivalents	54,979	(12,072)	65,255	(372)
Cash and cash equivalents, beginning of period	63,674	48,718	53,398	37,018
Cash and cash equivalents, end of period	\$ 118,653	\$ 36,646	\$ 118,653	\$ 36,646
Supplemental cash flow information:				
Interest paid	\$ 7,345	\$ 161	\$ 7,608	\$ 389
Interest received	3,099	3,979	6,711	8,092
Income taxes paid	20,916	24,818	56,872	71,345

See accompanying notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements

Six months ended June 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

These 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. (following shareholder approval on June 11, 2008 to reflect the business acquisition of Montréal Exchange Inc. on May 1, 2008, the restated Articles of Incorporation were amended to change the name TSX Group Inc./Groupe TSX Inc. to TMX Group Inc./Groupe TMX Inc.) and its subsidiaries, 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 annual financial statements for the year ended December 31, 2007 contained in our 2007 Annual Report.

The preparation of the financial statements in conformity with 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.

These financial statements follow the same accounting policies and their methods of application as the Company’s consolidated financial statements for the year ended December 31, 2007 except as described in note 1 below.

1. Changes in Accounting Policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Company’s wholly-owned subsidiaries, TSX Inc. (“TSX”), Montréal Exchange Inc. (“MX”) from May 1, 2008 (note 2), Natural Gas Exchange Inc. (“NGX”), Shorcan Brokers Limited (“Shorcan”), The Equicom Group Inc. (“Equicom”) from June 1, 2007, CDEX Inc. (“CDEX”), and the wholly-owned subsidiaries of TSX, MX, TSX Venture Exchange Inc. (“TSX Venture”) and NGX.

(b) Capital maintenance and financial instruments:

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants Handbook Section 1535 “Capital Disclosures” which establishes standards for disclosing an entity’s objectives, policies and processes for managing capital, Section 3862, “Financial Instruments – Disclosure” and Section 3863, “Financial Instruments – Presentation”.

The adoption of these new recommendations had no significant impact on the Company’s financial accounting policies, however additional financial disclosure related to the nature and risks arising from financial instruments have been included in notes 11, 12 and 13.

(c) MX acquisition:

As a result of the Company’s acquisition of MX on May 1, 2008 (note 2), the accompanying consolidated financial statements of the Company include certain accounting policies and disclosures not previously included in the Company’s consolidated financial statements and accompanying notes for the year ended December 31, 2007 as follows:

(i) Other comprehensive income or loss

Other comprehensive income or loss represents the unrealized gain or loss on the foreign currency translation of Boston Options Exchange Group LLC (“BOX”), a self-sustaining foreign operation.

(ii) Cash and cash equivalents:

Cash and cash equivalents consist of liquid investments having an original maturity of three months or less and are carried at their estimated fair values with changes in their fair values being recorded in net income in the period in which they occur. Estimated fair values are determined based on quoted market values.

(iii) Restricted cash:

MX operates a separate regulatory division, responsible for the approval of participants and market regulation, operating on a cost recovery basis. Restricted cash represents the surplus of this regulatory division. An equivalent and off-setting amount is included in accounts payable and accrued liabilities.

Notes to Interim Consolidated Financial Statements

Six months ended June 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

(iv) MX Revenue recognition:

Derivatives trading revenue is recognized on the transaction date of the related transaction.

Derivatives clearing revenue is recognized on the settlement date of the related transaction.

Revenue from arrangements provided on a time and materials basis is recognized as the services are provided at the contractual stated price.

Revenue from licence fees and maintenance services for licences is recognized on a straight-line basis over the term of the contract.

Derivatives market data revenue is recognized based on usage as reported by customers and vendors.

Market regulation fees are recognized in the month in which the services are provided.

(v) Foreign currency translation:

MX holds an investment in BOX, a company subject to significant influence located in the United States, which is considered to be a self-sustaining foreign operation. Accordingly, this investment is translated into Canadian dollars at the rate of exchange in effect at the balance sheet date, and the resulting unrealized exchange gain or loss is included in the accumulated other comprehensive income in shareholders' equity.

(d) Future accounting changes:

(i) Goodwill and intangible assets:

In February 2008, the CICA issued 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. As this standard applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2008, the Company will adopt this new standard effective January 1, 2009 (the first day of the Company's 2009 fiscal year) retrospectively with a restatement of prior periods. The Company is currently examining the impact this new standard will have on its financial statements and disclosures.

(ii) International Financial Reporting Standards ("IFRS"):

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("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 is currently assessing the impact of the transition to IFRS. If we decide to proceed with early adoption of IFRS the Company would be required to obtain exemptive relief from Canadian Securities regulators.

2. Business acquisitions:

On May 1, 2008, the Company acquired 100% of the outstanding common shares of MX. The principal business activity of MX is to provide a marketplace for the buying and selling of derivative products. Its subsidiary, Canadian Derivatives Clearing Corporation ("CDCC"), is the issuer, clearing house and guarantor for options and futures contracts traded at the MX as well as certain other over-the-counter products. In addition to CDCC, MX also holds a 51% interest in Montréal Climate Exchange Inc. ("MCeX") which was created in partnership with the Chicago Climate Exchange Inc., a 50% interest in Canadian Resources Exchange Inc. ("CAREX") a joint venture created with NYMEX Holdings Inc. ("NYMEX") and a 31% interest in BOX, a U.S. automated equity options market for which MX is the technical operator. The aggregate estimated purchase price consisted of:

Common shares of TMX Group (15,316,608 shares issued)	\$	806,573
Cash		428,200
Estimated direct transaction costs		8,100
Estimated restructuring costs		7,620
Fair value of MX share options exchanged		1,417
Aggregate estimated purchase price	\$	1,251,910

The acquisition was accounted for under the purchase method and the results of operations have been included in the consolidated statement of income from the date of acquisition.

The purchase price and the purchase price allocation are estimated at this time and will be finalized in the upcoming months as the estimates for direct transaction costs and restructuring costs become final. The TMX Group shares issued as part of the transaction were valued at \$52.66 per share. The \$52.66 per share represents the volume weighted average market price of TMX Group common shares over a reasonable period before and after December 10, 2007, the day the acquisition of the MX was announced. The estimated purchase price has been allocated to the fair values of the assets acquired and liabilities assumed as follows:

	Net assets acquired
Cash and cash equivalents	\$ 81,307
Marketable securities	49,192
Restricted cash	1,407
Daily settlements and cash deposits	193,117
Other current assets	11,357
Premises and equipment	8,218
Investment in affiliate	75,895
Other assets	190
Future income tax asset	3,019
Intangible assets	796,977
Goodwill	456,241
Net tangible and intangible assets acquired	1,676,920
Less liabilities assumed:	
Current liabilities	19,005
Daily settlements and cash deposits	193,117
Future income tax liability	212,888
Total net assets acquired	\$ 1,251,910

The Company recognized \$1,253,218 of goodwill and intangible assets as part of the acquisition. The details of these assets are as follows:

Description	Amount	Amortization Period
Goodwill	\$ 456,241	n/a
Derivative products	630,926	Not amortized
Trading participants	126,466	30 years
Trade names	28,214	Not amortized
Capitalized software	7,942	5 years
Regulatory designation	2,000	Not amortized
Open interest	1,429	6 months
Total goodwill and intangible assets	\$ 1,253,218	

During the three months and six months ended June 30, 2008, the Company recognized amortization expense of \$1,730 and \$1,730 respectively (three months and six months ended June 30, 2007 – \$Nil and \$Nil).

The goodwill acquired is not deductible for tax purposes.

Other acquisition related expenses represent non-recurring costs associated with the acquisition of MX. During the three months ended June 30, 2008, the Company recognized \$750 in non-recurring costs. For the six months ended June 30, 2008, the Company recognized \$15,902 in non-recurring costs which includes a loss on termination of joint venture of \$15,152.

In connection with the acquisition of the MX, the Company provided International Securities Exchange, Inc. ("ISE") with a notice of a competing transaction as required under the terms of the CDEX shareholders' agreement, which was created to operate DEX™ a new derivatives exchange. As the parties were unable to agree to an alternative business arrangement, originally by January 10, 2008 and subsequently extended to March 31, 2008 through an amending agreement, the Company acquired 100% ownership of CDEX and paid ISE \$15,152 on April 1, 2008.

In addition, on December 21, 2007, MX entered into an agreement to increase its ownership position in BOX from 31% to 53% for U.S. \$52,533 in cash. The acquisition is subject to regulatory approval and will be financed by existing cash resources. The acquisition is expected to close in the third quarter of 2008.

Notes to Interim Consolidated Financial Statements

Six months ended June 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

3. Segmented information:

The Company operates in three reportable segments; the Cash Markets (“Cash”) segment, the Energy Markets (“Energy”) segment and the Derivatives Markets (“Derivatives”) 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. The Energy segment provides a marketplace for the trading and clearing of natural gas and electricity contracts through NGX. The Derivatives segment provides a marketplace for trading derivatives, clearing options and futures contracts and certain over-the-counter products through MX and its subsidiaries, CDCC, MCEX and CAREX.

Three months ended June 30 *

	Cash	Energy	Derivatives	Total
2008				
Issuer services	\$ 38,317	\$ -	\$ -	\$ 38,317
Trading, clearing and related	36,447	7,276	9,005	52,728
Market data	31,130	-	1,955	33,085
Business services and other	2,954	66	2,927	5,947
Total revenues	108,848	7,342	13,887	130,077
Net income	43,921	1,489	3,867	49,227
Goodwill	46,747	21,279	456,241	524,267
Total assets	568,024	1,310,060	1,632,579	3,510,663
2007				
Issuer services	\$ 32,248	\$ -	\$ -	\$ 32,248
Trading, clearing and related	37,987	4,893	-	42,880
Market data	27,615	172	-	27,787
Business services and other	3,218	231	-	3,449
Total revenues	101,068	5,296	-	106,364
Net income	38,068	1,060	-	39,128
Goodwill	44,413	21,279	-	65,692
Total assets	719,132	869,229	-	1,588,361

* Includes results from dates of acquisitions in the year

Six months ended June 30 *

	Cash	Energy	Derivatives	Total
2008				
Issuer services	\$ 75,956	\$ -	\$ -	\$ 75,956
Trading, clearing and related	71,883	13,865	9,005	94,753
Market data	60,180	70	1,955	62,205
Business services and other	6,535	54	2,927	9,516
Total revenue	214,554	13,989	13,887	242,430
Net income	74,942	3,164	3,867	81,973
Goodwill	46,747	21,279	456,241	524,267
Total assets	568,024	1,310,060	1,632,579	3,510,663
2007				
Issuer services	\$ 62,396	\$ -	\$ -	\$ 62,396
Trading, clearing and related	75,310	9,685	-	84,995
Market data	54,050	328	-	54,378
Business services and other	5,464	233	-	5,697
Total revenue	197,220	10,246	-	207,466
Net income	73,908	1,668	-	75,576
Goodwill	44,413	21,279	-	65,692
Total assets	719,132	869,229	-	1,588,361

* Includes results from dates of acquisitions in the year

4. Credit facilities:

As a result of the acquisition of MX, the Company has added the following credit facilities:

	Interest rate	Year of maturity	Authorized	Amount drawn
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	-
Total credit facilities			\$ 513,000	\$ 430,000

In connection with the acquisition of MX, the Company established a non-revolving three-year term credit facility of \$430,000 and a revolving three-year credit facility of \$50,000. The Company may draw on these facilities in Canadian dollars by way of prime rate loans and/or Bankers' Acceptances or in U.S. dollars by way of LIBOR loans and/or U.S. base rate loans. On April 30, 2008, the Company drew \$430,000. As of June 30, 2008, the Company has prepaid \$1,873 of financing fees, which leaves a net credit facility liability of \$428,127. These financing fees will be amortized over the remaining term of the loan.

MX has an outstanding letter of credit for \$2,120 issued against the MX operating line of credit. This letter of credit has been issued as a guarantee to the trustee under the MX employee future benefit plan in respect of accrued future employee benefits.

The credit facilities are unsecured and include certain covenants that the Company must maintain. The Company was in compliance with these covenants at June 30, 2008.

During the three months and six months ended June 30, 2008, the Company recognized interest expense of \$2,792 (three months and six months ended June 30, 2007 – \$Nil) which included \$110 of amortized financing fees.

Notes to Interim Consolidated Financial Statements

Six months ended June 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

5. Interest rate swaps:

The Company has entered into a series of interest rate swap agreements to manage its exposure to interest rate fluctuations on the non-revolving three year term facility. The swap agreements will become effective August 28, 2008. The details of the swap agreements are as follows:

Swap number	Notional value	Interest rate the Company will receive	Interest rate the Company will pay	Maturity date
#1	\$ 100,000	90 day B.A.	3.496%	August 31, 2009
#2	\$ 100,000	90 day B.A.	3.749%	August 31, 2010
#3	\$ 100,000	90 day B.A.	3.829%	April 18, 2011

6. 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 are eligible to be granted share options under the share option plan.

On May 1, 2008, in connection with the acquisition of MX, the Company issued share options to holders of MX share options using an exchange ratio of 0.7784 for each MX share option exchanged. The Company issued 162,194 share options (the "replacement options") in exchange for 208,400 MX share options. The replacement options granted will vest based 50% on the passage of time and 50% on achieving certain performance criteria over a four year period of time.

Only those replacement options not subject to performance criteria have been included in the aggregate purchase price (note 2).

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 outstanding common shares issued of the Company. 4,283,742 common shares of the Company remain reserved for issuance upon exercise of share options granted under the plan, representing approximately 5% 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 2008: dividend yield of 2.9 percent; expected volatility of 23.6 percent; risk-free interest rate of 4.1 percent and expected life of 7 years.

Options granted will expire in 2011, 2012, 2013, 2014 and 2015.

Share options:

	Three months ended June 30, 2008		Three months ended June 30, 2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	808,978	\$ 36.34	1,114,129	\$ 31.80
Granted	209,535	52.72	6,013	43.68
Forfeited	(3,984)	47.12	(64,905)	45.15
Exercised	(31,606)	16.36	(15,796)	17.28
Outstanding, end of the period	982,923	\$ 40.43	1,039,441	\$ 31.26

	Six months ended June 30, 2008		Six months ended June 30, 2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	973,522	\$ 31.64	1,096,650	\$ 25.17
Granted	376,228	49.40	213,484	52.78
Forfeited	(66,425)	51.17	(67,533)	44.88
Exercised	(300,402)	20.79	(203,160)	16.46
Outstanding, end of the period	982,923	\$ 40.43	1,039,441	\$ 31.26

At June 30, 2008, 486,325 options were fully vested and exercisable at strike prices in the range of \$1.72 to \$53.04. During the three months ended June 30, 2008, the Company recognized compensation cost of \$457 (three months ended June 30, 2007 – \$535) in respect of its share option plans.

During the six months ended June 30, 2008, the Company recognized compensation cost of \$903 (six months ended June 30, 2007 – \$1,161) in respect of its share option plan.

7. Share capital:

During the period, the Company both issued and repurchased for cancellation common shares of the Company. The following transactions occurred with respect to the Company's common shares:

	Three months ended June 30, 2008		Six months ended June 30, 2008	
	Number of common shares	\$	Number of common shares	\$
Beginning of the period	66,547,166	\$ 386,526	66,278,370	\$ 379,370
Issued (note 2)	15,316,608	806,573	15,316,608	806,573
Repurchased and cancelled (note 8)	(3,048,058)	(47,644)	(3,048,058)	(47,644)
Options exercised	31,606	643	300,402	7,799
End of the period	78,847,322	\$ 1,146,098	78,847,322	\$ 1,146,098

8. Normal course issuer bid:

In connection with the Company's normal course issuer bid ("NCIB") announced on August 1, 2007 the company entered into a new pre-defined automatic purchase plan with its designated broker. From May 2, 2008 to June 30, 2008, the Company purchased 3,269,776 common shares at an aggregate cost of \$143,731 of which \$47,644 was charged to share capital and the excess of the cost of the NCIB over the stated value of the common shares of \$96,087 was charged to deficit. At the end of the period, 221,718 shares of the 3,269,776 repurchased had yet to be received and cancelled.

9. Earnings per share:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net income	\$ 49,227	\$ 39,128	\$ 81,973	\$ 75,576
Weighted average number of common shares outstanding	75,948,133	68,614,623	71,133,890	68,570,273
Basic earnings per share	\$ 0.65	\$ 0.57	\$ 1.15	\$ 1.10
Diluted weighted average number of common shares outstanding	76,122,180	68,974,143	71,375,618	69,002,396
Diluted earnings per share	\$ 0.65	\$ 0.57	\$ 1.15	\$ 1.10

10. Employee future benefits:

Total retirement benefit cost for the three months ended June 30, 2008 was \$1,444 (three months ended June 30 2007 – \$1,882) and for the six months ended June 30, 2008 was \$2,831 (six months ended June 30, 2007 – \$3,770).

Notes to Interim Consolidated Financial Statements

Six months ended June 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

11. Financial Instruments:

The Company has classified the significant impacts of its financial instruments as follows:

(a) Financial instruments – carrying values and fair values:

	June 30, 2008		December 31, 2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Held for trading:				
Cash and cash equivalents	\$ 118,653	\$ 118,653	\$ 53,398	\$ 53,398
Marketable securities	226,930	226,930	249,399	249,399
Restricted cash	1,481	1,481	–	–
Loans and receivables:				
Accounts receivable – trade	59,763	59,763	42,989	42,989
Total return swaps	354	354	4,126	4,126
Accounts receivable – other	1,315	1,315	1,323	1,323
Energy contracts receivable	1,025,951	1,025,951	745,378	745,378
Fair value of open energy contracts	224,925	224,925	74,907	74,907
Daily settlements and cash deposits	153,307	153,307	–	–
Financial liabilities:				
Other liabilities				
Accounts payable and accrued liabilities	56,717	56,717	48,175	48,175
Energy contracts payable	1,025,951	1,025,951	745,378	745,378
Fair value of open energy contracts	224,925	224,925	74,907	74,907
Daily settlements and cash deposits	153,307	153,307	–	–
Term loan payable	428,127	428,127	–	–

TMX has determined that the fair value of the other financial assets and liabilities that are not held for trading approximate the respective carrying amounts as of the balance sheet date of June 30, 2008.

(b) Marketable securities:

The investment portfolio includes pooled fund investments managed by an external investment fund manager. Market values for securities held by the pooled funds are determined by reference to quoted market prices. There is no contracted maturity date for the investments.

Marketable securities also includes the investment portfolio of MX, which is managed by an external advisor, which includes federal, provincial and corporate bonds as well as asset backed debt securities.

The Company has designated its marketable securities as held-for-trading. At June 30, 2008, these investments have been measured at fair value and the unrealized gains of \$40 recognized during the three months ended June 30, 2008 and the unrealized gains of \$842 recognized during the six months ended June 30, 2008 have been reflected in net income in the consolidated financial statements (three months ended June 30, 2007 – unrealized losses of \$3,276; six months ended June 30, 2007 – unrealized losses of \$3,786).

(c) Total return swaps:

The Company has entered into total return swaps (“TRS’s”) which synthetically replicate the economics of the Company purchasing the Company’s shares as a partial fair value hedge to the share appreciation rights of restricted share units and deferred share units that are awarded to directors and employees of the Company and its designated subsidiaries. The Company marks to market the fair value of the TRS’s as an adjustment to income, and simultaneously marks to market the liability to holders of the share units as an adjustment to income. The fair value of the TRS’s is based upon the excess or deficit of the volume weighted average price of the Company’s shares for the last five days of the month compared with the Company’s share price at the date of entering into the TRS’s. The fair value of the TRS’s and the obligation to unit holders are reflected on the balance sheet. The contracts are settled in cash upon maturity.

The following tables represent the TRS's which are outstanding at:

June 30, 2008:	Remaining term to maturity (notional amount)			Fair value		
	Under 1 year	1 to 3 years	Total	Gain	Loss	Net
Equity Swap Contract #10	\$ 664	\$ -	\$ 664	\$ -	\$ (47)	\$ (47)
Equity Swap Contract #13	-	854	854	-	(140)	(140)
Equity Swap Contract #17	-	407	407	54	-	54
Equity Swap Contract #18	4,321	-	4,321	418	-	418
Equity Swap Contract #19	5,516	-	5,516	41	-	41
Equity Swap Contract #20	3,695	-	3,695	28	-	28
	\$ 14,196	\$ 1,261	\$ 15,457	\$ 541	\$ (187)	\$ 354

June 30, 2007:	Remaining term to maturity (notional amount)			Fair value		
	Under 1 year	1 to 3 years	Total	Gain	Loss	Net
Equity Swap Contract #5	\$ 694	\$ -	\$ 694	\$ 348	\$ -	\$ 348
Equity Swap Contract #10	-	664	664	-	(75)	(75)
Equity Swap Contract #13	-	854	854	-	(173)	(173)
Equity Swap Contract #14	5,310	-	5,310	-	(786)	(786)
Equity Swap Contract #15	2,453	-	2,453	-	(73)	(73)
Equity Swap Contract #16	10,548	-	10,548	-	(316)	(316)
	\$ 19,005	\$ 1,518	\$ 20,523	\$ 348	\$ (1,423)	\$ (1,075)

The unrealized gains of \$2,016 recognized for the three month period ended June 30, 2008 and the unrealized losses of \$3,624 recognized for the six month period ended June 30, 2008 have been reflected in net income in the consolidated financial statements (three month period ended June 30, 2007 – unrealized losses \$3,533; six months ended June 30, 2007 – unrealized losses \$2,193).

(d) Interest rate swaps

The Company has entered into a series of interest rate swap agreements, which will commence on August 28, 2008, to manage its exposure to interest rate fluctuations on the non-revolving three year term facility (notes 4 and 5). The Company will mark to market the fair value of the interest rate swaps as an adjustment to income.

(e) NGX energy contracts:

NGX energy contracts receivable and payable positions are recognized for all contracts where physical delivery has occurred or financial settlement amounts have been determined prior to the period end but payments have not yet been made. There is no impact on the consolidated statement of income.

The fair value at the balance sheet date of the undelivered physically settled trading contracts and the forward financially settled trading contracts is recognized in the consolidated assets and liabilities as open energy contracts. There is no impact on the consolidated statement of income.

(f) CDCC daily settlements and cash deposits:

Amounts due from and to clearing members as a result of marking open futures positions to market and settling option transactions each day are required to be collected from or paid to clearing members prior to the commencement of trading the next day. The amounts due from and due to clearing members are recognized in the consolidated assets and liabilities as daily settlements and cash deposits. There is no impact on the consolidated statement of income.

Notes to Interim Consolidated Financial Statements

Six months ended June 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

12. Risk Management:

(a) Credit risk:

Credit risk is the risk of financial loss to the Company associated with a counterparty's failure to fulfill its financial obligations and arises principally from the Company's investments in marketable securities, total return swaps and interest rate swaps, accounts receivable and the clearing and/or brokerage operations of Shorcan, NGX and CDCC.

(i) Investments in marketable securities

The Company, excluding MX, manages its exposure to credit risk arising from investments in marketable securities by limiting the investment in short-term bond and mortgage funds to a maximum of 70% of the investment portfolio. Corporate bonds must have a minimum credit rating of BBB by DBRS Limited. Mortgages may not comprise more than 40% of the portfolio and must be either multi-residential conventional first mortgages or multi-residential government guaranteed mortgages. The Company does not have any investments in non-bank asset-backed commercial paper. At June 30, 2008 the investment portfolio was comprised of 37% in short-term bond and mortgage funds and 63% in money market funds (June 30, 2007 – 60%:40 %).

MX manages its exposure to credit risk arising from investments in marketable securities by limiting total short term investment in bonds to a maximum of 30% in Schedule "A" Canadian chartered banks ("Bank bonds") with the balance in Federal and Provincial bonds, while limiting total medium term investment in corporate bonds to a maximum of 35% with the balance in Federal and Provincial bonds. Corporate bonds must have a minimum credit rating of AAA by DBRS Limited. At June 30, 2008 the MX investment portfolio was comprised of 25% in Bank bonds, 65% in Federal and Provincial bonds and, 10% in Corporate Bonds. At June 30, 2008, MX does not have any investments in non-bank asset-backed commercial paper.

(ii) Total Return Swaps

The Company limits its exposure to credit risk on TRS's by contracting with a major Canadian chartered bank.

(iii) Interest rate swaps

The Company limits its exposure to credit risk on the interest rate swaps by contracting with a major Canadian chartered bank.

(iv) Accounts receivables

The Company's exposure to credit risk resulting from uncollectable accounts is influenced by the individual characteristics of its customers, many of whom are banks and financial institutions. There is no concentration of credit risk attributable to transactions with a single customer. In addition, customers that fail to maintain their account in good standing risk loss of listing or trading privileges.

(v) Clearing and/or brokerage operations

The Company is exposed to credit risk in the event that customers, in the case of Shorcan, or Contracting Parties, in the case of NGX, or clearing members in the case of CDCC fail to settle on the contracted settlement date.

Shorcan's exposure is limited by the nature of the customers being primarily broker dealers, banks and other financial institutions. Shorcan also has the right to withdraw its normal policy of anonymity and advise the two counterparties to settle directly.

NGX requires each contracting party to provide sufficient collateral, in the form of cash or letters of credit, to exceed its outstanding credit exposure as determined by NGX in accordance with its margining methodology. The cash collateral deposits and letters of credit are held by a major Canadian chartered bank. This collateral may be accessed by NGX in the event of default by a Contracting Party. NGX measures total potential exposure for both credit and market risk for each Contracting Party on a real-time basis as the aggregate of:

- (a) Outstanding energy contracts receivable;
- (b) "Variation Margin", comprised of the aggregate "mark-to-market" exposure for all forward purchase and sale contracts with an adverse value from the perspective of the customer; and
- (c) "Initial Margin", an amount that estimates the worst expected loss that a contract might incur under normal market conditions during a liquidation period.

As a result of these calculations of contracting party exposure at June 30, 2008, NGX held cash collateral deposits of \$490,171 (June 30, 2007 – \$317,666) and letters of credit of \$2,534,795 (June 30, 2007 – \$2,107,963).

CDCC is exposed to the risk of default of its clearing members. CDCC is the central counterparty and guarantor of all transactions carried out on MX's markets and on the OTC market. It primarily supports the risk of one or more counterparties, meeting strict financial and regulatory criteria, defaulting on their obligations, in which case the obligations of that counterparty would become the responsibility of CDCC. This risk is greater if market conditions are unfavourable at the time of the default.

CDCC's principal risk management practice is the collection of risk-based margin deposits in the form of cash, letters of credit, equities and liquid government securities. Should a clearing member fail to meet a daily margin call or otherwise not honour their obligations under open futures and options contracts, margin deposits would be available to apply against the costs incurred to liquidate the clearing member's positions.

CDCC's margining system is complemented by a stress reporting system. This process evaluates the financial strength of a clearing member to meet margin requirements that might result from a sudden adverse change in the market. Clearing members who fail to meet the criteria are required to deposit a stress margin.

CDCC also maintains a clearing fund through deposits of cash and securities from all clearing members. The aggregate level of clearing funds required from each clearing member is 12% of the largest aggregate daily margin requirement of that clearing member over the preceding calendar month. If, by a clearing member's default, further funding is necessary to complete a liquidation, CDCC has the right to require other clearing members to contribute additional amounts equal to their previous contribution to the clearing fund.

CDCC's margin collateral deposits and clearing fund deposits are held by a major Canadian chartered bank. This collateral may be accessed by CDCC in the event of default by a clearing member. As a result of these calculations of clearing member exposure at June 30, 2008, CDCC held margin collateral deposits of \$3,942,882 and clearing fund deposits of \$206,415.

(vi) Guarantees

NGX maintains an unsecured clearing backstop fund of U.S. \$100,000. The Company is the guarantor, on an unsecured basis, of this fund.

MX maintains \$30,000 in revolving standby credit facilities in the event of default by a clearing member of CDCC. Borrowings under these facilities would be required to be collateralized.

Neither facility has been drawn upon at June 30, 2008.

(b) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income or the value of its holdings of financial instruments.

(i) Foreign currency risk

The Company is exposed to foreign currency risk on sales, cash and cash equivalents, marketable securities and accounts receivable principally denominated in U.S. dollars. At June 30, 2008, cash and cash equivalents and accounts receivable include \$44,119 (June 30, 2007 – \$9,502), which are exposed to changes in the U.S. – Canadian dollar exchange rate.

(ii) Interest rate risk

The Company is exposed to interest rate risk on its marketable securities, TRSs and non-revolving term loan payable.

The Company will limit its exposure to interest rate risk on the non-revolving term loan by entering into three interest rate swap agreements (note 5).

External investment fund managers have been engaged by the Company to manage the asset mix and the risks associated with its marketable securities. At June 30, 2008 the Company held \$226,930 in these funds (June 30, 2007 – \$334,246).

(iii) Equity price risk

The Company is exposed to equity price risk arising from its utilization of TRS's. The fair value of the TRS's is based upon the excess or deficit of the volume weighted average price of the Company's shares for the last five days of the month compared with the Company's share price at the date of entering into the TRS's. The change in the fair value of the TRS's is offset by the change in the obligation to restricted share units and deferred share units holders.

Notes to Interim Consolidated Financial Statements

Six months ended June 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

(iv) Other market price risk

The Company is exposed to other market price risk from the activities of Shorcan, NGX and CDCC if a customer, contracting party or clearing member, as the case may be, fails to take or deliver either securities, derivative products or energy products on the contracted settlement date where the contracted price is less favourable than the current market price.

Shorcan's risk is limited by its status as an agent, the fact that it does not purchase or sell securities for its own account, the short period of time between trade date and settlement date, the quality of its customers and the defaulting customers liability for any difference between the amounts received upon sale of the securities and the amount paid to acquire the securities.

Both NGX's and CDCC's measure of total potential exposure, as described previously, includes measures of market risk which are factored into the collateral required from each contracting party or clearing member.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its revolving and non-revolving credit facilities (note 4), unsecured backstop funds (note 4) and capital (note 13).

13. Capital maintenance:

In accordance with Section 1535 "Capital Disclosures", the Company's primary objectives in managing capital include:

(i) Maintaining sufficient capital for operations, to ensure market confidence and to meet capital maintenance requirements imposed on its subsidiaries:

(a) In respect of TSX, as required by the Ontario Securities Commission ("OSC") to maintain certain regulatory ratios as defined in the OSC recognition order, as follows:

- (i) a current ratio not less than 1.1:1;
- (ii) a debt to cash flow ratio not greater than 4:1; and
- (iii) a financial leverage ratio consisting of adjusted total assets to adjusted shareholders' equity not greater than 4:1

The Company has complied with these externally imposed capital requirements;

(b) In respect of TSX Venture, as required by various provincial securities commissions to maintain adequate financial resources;

The Company has complied with these externally imposed capital requirements;

(c) In respect of NGX to:

- (i) maintain adequate financial resources as required by the Alberta Securities Commission; and
- (ii) maintain a current ratio of no less than 1:1 and a tangible net worth of not less than \$9,000 as required by a major Canadian chartered bank

The Company has complied with these externally imposed capital requirements;

(d) In respect of MX, as required by the Autorité des marchés financiers ("AMF") to maintain certain regulatory ratios as defined in the AMF recognition order, as follows:

- (i) a working capital ratio not less than 1.5:1;
- (ii) a cash flow to total debt ratio of more than 20%;
- (iii) a financial leverage ratio consisting of total assets to shareholder's equity of less than 4:1;

The Company has complied with these externally imposed capital requirements;

- (e) In respect of Shorcan by the Investment Industry Regulatory Organization (“IIROC”) which requires Shorcan to maintain a minimum level of shareholder’s equity of \$500;

The Company has complied with these externally imposed capital requirements;

- (ii) Providing sufficient capital to meet the covenants imposed in connection with credit facilities (note 4) that require the Company to maintain:
 - (a) a maximum debt to adjusted EBITDA ratio of 3.5:1;
 - (b) a minimum consolidated net worth based on a contracted formula; and
 - (c) a debt incurrence test of not more than 3:1.

The Company has complied with these externally imposed capital requirements;

- (iii) Retaining sufficient capital to invest and continue to grow our business; and
- (iv) Returning capital to shareholders through dividends paid to shareholders and purchasing shares for cancellation pursuant to normal course issuer bids.

14. Regulatory services:

On June 1, 2008, Market Regulation Services Inc. (“RS”), a private corporation jointly owned by the Company and the Investment Dealers Association of Canada (“IDA”) and operated on a not-for-profit basis providing regulatory services to Canadian equity marketplaces, combined with the IDA to form the Investment Industry Regulatory Organization of Canada (“IIROC”). As a result of the combination, the Company relinquished any ownership interest but remains entitled to nominate one of the fifteen member board of directors subject to certain pre-determined conditions. Prior to June 1, 2008, RS was a related party to the Company. For the three months ended June 30, 2008, \$1,182 (2007 – \$1,895) of Business services and other revenue was earned for technology service provided to RS and \$1,246 (2007 – \$858) was paid to RS for services provided by RS. For the six months ended June 30, 2008, \$4,457 (2007 – \$5,357) of Business services and other revenue was earned for technology service provided to RS and \$2,500 (2007 – \$2,774) was paid to RS for services provided by RS.

15. Related party transactions:

In 2001, the MX signed an agreement with BOX to provide for a fee the technology and related services required for its electronic trading system.

Beginning in February 2004, the MX became an official supplier to BOX and charges at the exchange amount, being the amount established and agreed to by BOX, salaries, telecommunication services, computer equipment, and other services. The amounts invoiced for the three and six months ended June 30, 2008 are \$2,873 and \$2,873. These transactions were undertaken in the normal course of business. An amount of \$82 receivable from BOX is included in accounts receivable as at June 30, 2008 (December 31, 2007 – \$Nil).

16. Comparative figures:

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

Market Statistics

(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Toronto Stock Exchange:				
Volume (<i>millions</i>)	24,980.9	24,789.0	50,507.7	48,527.1
Value (<i>\$ billions</i>)	483.0	431.7	956.2	817.9
Transactions (<i>000s</i>)	38,887.6	27,708.9	80,167.5	53,689.1
Issuers Listed	1,615	1,623	1,615	1,623
New Issuers Listed:				
Number of Initial Public Offerings	18	38	39	58
Number of graduates from TSX Venture/NEX	10	23	27	39
New Equity Financing: (<i>\$ millions</i>)	9,510.7	14,682.7	18,386.0	28,256.3
Initial Public Offering Financings (<i>\$ millions</i>)	1,028.4	2,191.0	1,526.3	3,694.3
Secondary Offering Financings ¹ (<i>\$ millions</i>)	5,144.1	7,811.7	11,793.7	13,222.7
Supplementary Financings (<i>\$ millions</i>)	3,338.2	4,680.0	5,066.0	11,339.3
Market Cap of Issuers Listed (<i>\$ billions</i>)	2,156.6	2,195.1	2,156.6	2,195.1
S&P/TSX Composite Index ² Close	14,467.0	13,906.6	14,467.0	13,906.6
TSX Venture Exchange: ³				
Volume (<i>millions</i>)	13,844.6	13,440.2	25,332.6	26,925.7
Value (<i>\$ millions</i>)	9,978.3	12,519.0	17,758.9	25,182.0
Transactions (<i>000s</i>)	2,073.1	2,269.4	3,806.1	4,651.0
Issuers Listed	2,396	2,273	2,396	2,273
New Issuers Listed				
New Equity Financing: (<i>\$ millions</i>)	1,866.5	3,409.8	3,376.9	5,827.7
Initial Public Offering Financings (<i>\$ millions</i>)	58.7	124.3	126.7	239.7
Secondary Offering Financings ¹ (<i>\$ millions</i>)	1,807.8	3,285.5	3,250.2	5,588.0
Market Cap of Issuers Listed: (<i>\$ billions</i>)	55.9	62.1	55.9	62.1
S&P/TSX Venture Composite Index ² Close	2,635.8	3,174.4	2,635.8	3,174.4
Toronto Stock Exchange and TSX Venture Exchange:				
Professional and Equivalent Real-time Data Subscriptions	167,756	149,687	167,756	149,687
May-June				
	2008	2007		
Montreal Exchange:				
Volume (Contracts) (<i>000s</i>)	6,584.9	8,299.8		
Open Interest (Contracts) (<i>000s</i>) as at June 30	2,395.1	2,775.8		
Data Subscriptions as at June 30	28,197	27,239		
Boston Options Exchange:				
Volume (Contracts) (<i>000s</i>)	29,251.3	19,496.8		

¹ Secondary Offering Financings includes prospectus offerings on both a treasury and secondary basis.

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³ TSX Venture Exchange market statistics do not include data for debt securities. 'New Issuers Listed' and 'S&P/TSX Venture Composite Index Close' statistics exclude data for issuers on NEX. All other TSX Venture Exchange market statistics include data for issuers on NEX, which is a board that was established on August 18, 2003 for issuers that have fallen below TSX Venture Exchange's listing standards (162 issuers at June 30, 2008 and 158 issuers at June 30, 2007).

Investor Contact Information

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Le rapport du deuxième trimestre est également disponible en français.

DIVIDEND INFORMATION

The Board of Directors of TMX Group Inc. declared a dividend of \$0.38 on each common share outstanding, payable on August 29, 2008 to shareholders of record at the close of business on August 15, 2008. TMX Group hereby advises that this dividend is an “eligible dividend” in accordance with the Canada Revenue Agency release dated December 20, 2006. For more information regarding the designation of dividends, please refer to their release. Shareholders with questions regarding the tax treatment of dividends should consult with their own tax advisors or contact their local office of the Canada Revenue Agency and where applicable, the provincial taxation authorities.

TRADE-MARKS

TMX, TMX Group, TSX, TSX Group, Toronto Stock Exchange, TSX Venture Exchange, TSX Datalinx, TSX Quantum, Natural Gas Exchange, NGX, CDEX, DEX, Equicom, Shorcan, PC-Bond, and TSX Infinity are trade-marks of TSX Inc. MX, SOLA, BAX, CGB and SFX are trade-marks of Bourse de Montréal, Inc. CDCC is a trade-mark of Canadian Derivatives Clearing Corporation.

FORWARD-LOOKING INFORMATION

This quarterly report contains forward-looking statements, which are not historical facts but are based on certain assumptions and reflect TMX Group's current expectations. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Please see “Forward-Looking Information” in the Q2-2008 Management's Discussion and Analysis for some of the risk factors that could cause actual events or results to differ materially from current expectations.



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