

shareplc:



More people enjoying
straightforward investing



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Highlights

Revenue growth

2006	£10.6m
2007	£11.7m
2008	£12.0m

Operating profit

2006	£1.103m
2007	£1.163m
2008	£1.306m

Underlying EPS

2006	0.9p
2007	1.1p
2008	1.1p

Shareholder funds

- 71% cash
- 16% investments
- 13% other net assets





Revenue rises by 2.1% to £12.0 million
(2007: £11.7 million)



Operating profit rises by 12.3% to £1.3 million
(2007: £1.2 million)



Underlying* basic and diluted earnings per share in line with 2007 at 1.1p per share



Basic and diluted earnings per share 0.5p
(2007: 1.5p for both)



Proposed ordinary dividend per share increases by 10% to 0.22p (2007: 0.20p)



Strong balance sheet with £12.4 million in cash and cash equivalents (2007: £11.6 million)**

* excludes 'Other gains and losses' and one-off income or expense as defined in note 14.

** included in this amount is £0.6m (2007: £1.1m) held by The Share Centre Limited in trust on behalf of clients but which may be used to complete settlement of outstanding bargains and dividends due.

Who we are



The Share Centre Limited

The main trading arm of Share plc providing stockbroking services for private investors, together with a range of share-related services for companies and their employees and shareholders throughout the UK.

The Company is a corporate member of, and shareholder in, the London Stock Exchange.

The Share Centre (Administration Services) Limited

The services company through which systems and special projects are operated.

The Shareholder Limited

Publisher of our regular magazines for customers, and the trading vehicle for external products and services we may, from time to time, offer to customers.

Sharemark Limited

Sharemark is our alternative share market on which Share plc shares, amongst others, are dealt. Sharemark currently operates as a trading division of The Share Centre Limited.

Sharefunds Limited

The investment management and fund administration subsidiary of the Group.

Sharesecure Limited

The corporate trustee for participants in Share Incentive Plans.

Share Nominees Limited and Stock Academy Nominees Limited

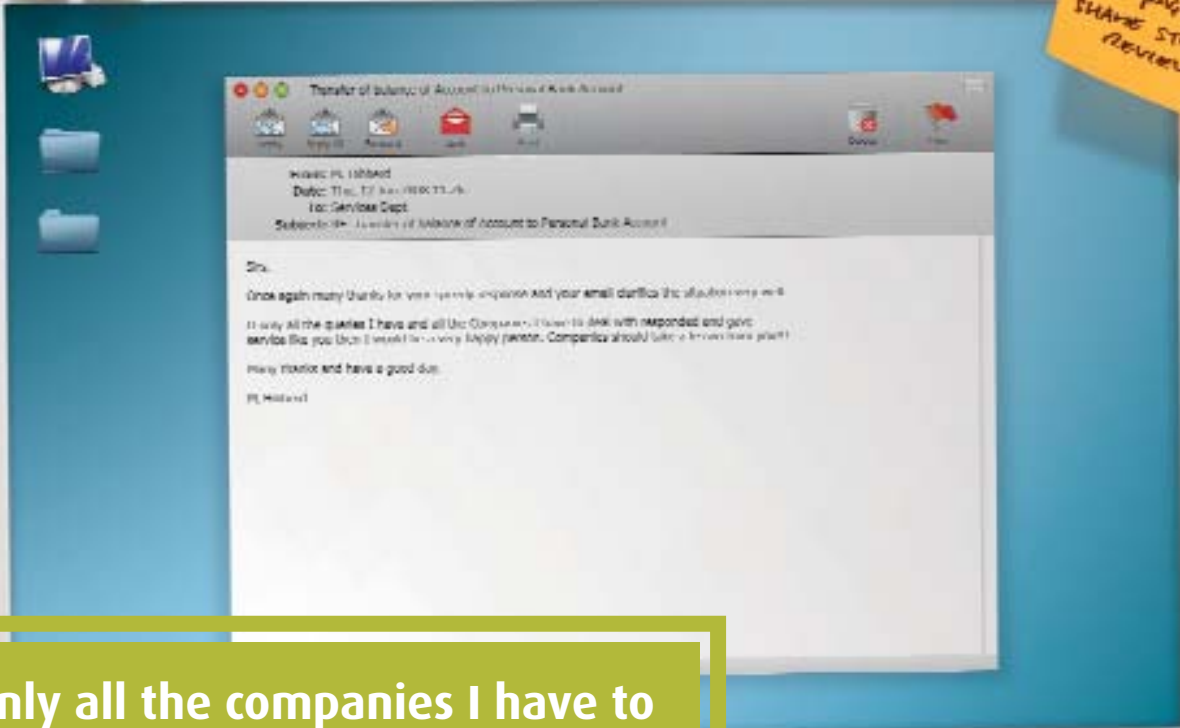
The non-trading "bare trustee" companies which act as nominee custodians of our customers' individual shareholdings, thereby ring fencing them from our own assets.

Personal Retirement Account Limited

The company which protects the name of our pension service, operated by The Share Centre Limited in association with Sippled.



CALL
Mr Page
SHARE STOCK
Reviews



10-11AM
MEET TOM

SHARE REVIEW
3-30pm
BOARD ROOM

“If only all the companies I have to deal with responded and gave service like you then I would be a very happy person”

M Hibberd



Chairman's statement



The year has been a special one for the Group due to its entry on to AIM last May. We would thank again all those shareholders who participated in our Offer for Subscription which was four times oversubscribed, and thank all our staff for their contribution to the ongoing success of the Group. Although at the time of our AIM admission we anticipated a volatile period ahead, it has turned out to be a period of extraordinary market turmoil which has led to recession in the whole economy.

I am pleased to report that Share plc has increased its revenue and the Group has made progress in these difficult circumstances. Our principal key performance indicator, benchmarked revenue share, has improved. This is a real achievement in an exceptionally volatile year which saw stock market valuations, on which a significant element of our fees is based, reduce significantly (the FTSE 100 index fell by over 31%) and interest rates fall from 5.5% to 2.0%. I am also pleased to be able to report that as underlying profits of the business have proven robust the Board is recommending an increase of 10% in the dividend payable to shareholders. This will continue our record of progressively increased dividend returns.

The crisis which has hit the banking industry has proved even deeper than many observers thought, and this has impacted us in several ways.

Firstly, it has led to periods of intense trading interspersed by periods of market nervousness. We've seen large scale, deep discount rights issues and the share prices of banks falling to such levels that many investors have been drawn to make opportunistic purchases. But the spectre of nationalisation still hovers over the wounded behemoths: and there is no stability yet. Undoubtedly our trading has benefited from these bouts of activity, but not sufficiently to outshine the stockbroking subsidiaries of the banks themselves, who naturally see a disproportionate share when it comes to trading in their own shares.

Secondly, interest rates have been driven down to historically low levels in an attempt to re-start lending. However, falling interest rates hit savers hard, and people are increasingly looking for homes for their money which provide better returns than a cash deposit account, without taking on an unacceptable level of risk. Our advisers have helped to guide such decisions, highlighting investment grade corporate bonds, and equity stocks with the prospect of secure dividend yields.

But low interest rates also affect the Group itself, as at any one time we are responsible for c.£100m of cash: both for customers and for the Group. Earning interest on this cash is a key part of our revenue mix, and for this reason we took out an interest rate protection policy in 2007 to guard against just the eventuality which has occurred. That policy is earning us £225,000 per month at the time this report is published, and contributed £134,000 to our 2008 revenues. This will underpin our interest income through to November 2010 enabling the Group to continue offering competitively priced investment services for our retail customers.

Thirdly, the very insecurity of the banks has presented a significant challenge. Throughout 2008 Governments have sought to limit the concerns of people and businesses about the security of their cash deposits with major banks, but this has not proved entirely straightforward. Although the UK Government has indicated in its rescue of Northern Rock, Bradford & Bingley and finally RBS and HBOS that it was not prepared to see depositors lose out, the spectacle of the collapse of Lehman Brothers and the Icelandic banks has sent well-founded shocks through the market.

For our part, we have striven to ensure the safest havens for the monies for which we are responsible, notwithstanding that the regulators do not allow customer trust status money to be placed into wholly Government backed instruments such as Treasury Bills.

All parts of the Group contributed satisfactorily in 2008. Our main retail stockbroking services have seen an encouraging increase in the number of new accounts opened, particularly during the last quarter. This has mainly benefited Share Accounts and ISAs both of which offer online account opening. Internet usage has increased markedly during the year, and we look forward to introducing online account opening for Child Trust Funds, Stakeholder and Self-Invested Personal Pensions later in 2009.

Our fund administration business, Sharefunds, is relatively young, with just six funds under administration. However notwithstanding the dire state of the market, it has made good progress during the year. Funds under administration grew to £10.1m (2007: £7.0m), and discussions continue with a number of managers who are interested in using our facilities.

Our share trading platform, Sharemark, continues to attract companies for whom trading requirements of the AIM and PLUS markets are not entirely suitable. Its single price dealing environment which is totally transparent offers substantial benefits in encouraging secondary market liquidity, and we are delighted to have opened a new relationship with London Capital Finance in addition to our support for Investbx, the West Midlands regional trading platform.

Meanwhile the Group continues to explore prospects for acquisition in pursuit of its revenue objectives. Its strong balance sheet, which contains £12.4m in cash reserves, together with investors' appetite for Share plc equity, demonstrated in our fund raising before the AIM flotation, put us in a strong position to take advantage during the difficult trading conditions now besetting the industry.

The economic outlook for the year ahead is volatile and depressing, and predictions vary from a chronic state of grumbling deflation to a new surge of inflation, resulting from the huge scale of Government borrowing. There is a continuing concern over the falling value of Sterling, but also persistent worries over the integrity of the Euro, as Ireland and the Eurozone's Mediterranean member states experience real economic strains.

In all the uncertainty, however, business will seek the first opportunity to build on this extraordinary era of lower interest rates and, helped by credit guarantees, will start to look ahead as the year progresses. Markets usually anticipate reviving activity by a considerable period; and we therefore see an improving situation for UK equities in the second half. Furthermore, as businesses find credit hard to come by they will turn increasingly to equity issuance. There may well be a point when institutional investors grow wary of the high prices – and low yields – of Government stock, and look again to the equity market as a reliable home for their money.

The personal investor will be an important part of such an equity revival, and we continue to lobby for improved access to primary markets: most recently, to share in the bidding for lapsed shares after rights issues.

Our projections for market values for the year ahead are therefore cautiously optimistic. With dealing volumes continuing to be strong in the volatile markets, our interest income underpinned, and our strong balance sheet, we believe Share plc's business will continue to make progress, both in absolute and comparative terms.

Martin Jacomb

Sir Martin Jacomb
Chairman
1 April 2009



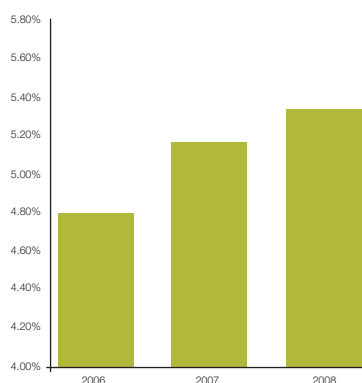
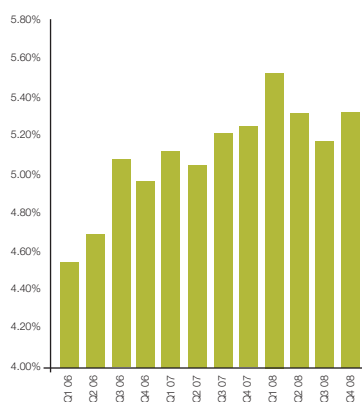
Business Review: looking ahead



With financial markets and the broader economy in a state of turmoil, the Group's focused and risk averse strategy is standing us in good stead. As highlighted in previous reports, the strategy has a number of key elements:

- **Regular and sustainable revenue** Operational revenue has increased by 2.1% in 2008, with repetitive income (fees and interest) comprising 74% (2007: 69%).
- **Risk aversion** Our caution over future interest rates has proved well founded and our protection policy is now generating an income for the Group of more than £7,000 per day (as at March 2009).
- **A broadly based business** Our business strategy of 'more people enjoying straightforward investing' means that revenue is earned from a wide cross section of British society, with a customer account base of c.250,000 accounts.
- **Optimising automation** Customers are increasingly transacting with us electronically. 82% of new share accounts were opened online in 2008 and increasing numbers of customers also now receive their regular communications from us electronically. This serves to increase efficiency as well as enabling us to control costs so that we can continue to offer competitively priced dealing services.

Market Share



[†] Benchmark group includes: Alliance Trust Savings, Barclays Stockbrokers, E*Trade Securities, Equiniti, Halifax Sharedealing, HSBC Stockbrokers, NatWest Stockbrokers, Saga Personal Finance, Selftrade, and T D Waterhouse Investor Services Europe

The stockmarket has been highly volatile during 2008 in terms of both valuation levels and activity. It is this volatility which has disturbed the steady onward progress of our main performance indicator; market share of revenues benchmarked quarterly against our peers[†]. However, year on year the progress is clear:

"Taking a 12 monthly view, your change [in revenues] since December last year was +15.5%, compared to a Peer Group change of -0.82%" Compeer monthly report – December 2008.

The adjacent graphs set out the quarterly and annual changes in this key performance indicator since 2006. The two factors that have caused volatility in 2008 have been the extent of trading in bank shares (from which bank-owned brokers may be expected to benefit disproportionately) and the weighting of fees in our revenue mix. We would regard this latter point as a strength, but at times of intense dealing activity it can understate our progress.

As our business model has positioned us well to weather the current conditions so our other key performance indicators have also made progress during 2008: The number of new accounts opened has increased again year on year; the headcount of the business has remained stable; operating margin has increased; and the company has generated positive cash flow adding further to the level of resources at its disposal which significantly exceed the capital levels required to be held under Financial Services Authority requirements.



Outlook

In our 2007 Annual Report we anticipated a market outlook of greater volatility and that our business model and revenue mix would help insulate us against this especially in relation to our peers. This has undoubtedly been the case and will continue to be so through 2009.

In the current economic climate businesses are adversely affected by a number of factors. There are some key aspects which it is important to highlight the Group is not directly impacted by:

- **Access to funding** The Group does not require any external funds to capitalise its ongoing business. It is cash generative and has no external debt.
- **Counterparty bad debt** With the exception of its banking relationships and clearing of customer trades through Euroclear, the Group has no material exposures to third parties.
- **Pensions** The Group contributes to individual employees' personal pension schemes as well as operating a Group Stakeholder scheme for those staff wishing to participate. All these arrangements operate on a defined contribution basis and have done since The Share Centre commenced trading. As such there are no pension liabilities arising from longevity or other considerations.

Although insulated from the above, the Group is not complacent as to the impact of the broader economy and it is inherently concerned with the economic outlook and the associated prospects for the stockmarket. There are a number of aspects which could affect future performance:

- The prospects for market recovery throughout 2009, and views of personal investors.
- Continuing levels of low interest rates, which encourage investors to seek more remunerative homes for their savings, but which also reduce the interest return we can earn from cash deposits (particularly should those low rates persist beyond the expiry of our interest rate floor policy in November 2010).
- Changing levels of competition within the retail stockbroking industry.
- Changing regulatory requirements.

These factors impact both organic performance and acquisition opportunities and are kept under continual review alongside our key performance indicators.

In addition, the Group remains active in its pursuit of acquisitions. Although we have been involved in a number of discussions regarding potential acquisitions in 2008, none have yet taken place. However, the environment continues to present such opportunities and a number of discussions are ongoing.



Business Review: operational progress



Sales and marketing activity The Share Centre brand continues to be the main focus for the Group's sales and marketing activity. Central to this is The Share Centre's website www.share.com. During 2008 we undertook some detailed usability testing of the site as well as seeking feedback from our customers on various aspects of its functionality. This has led to a

redevelopment of the site which was launched in February 2009. The emphasis of this redesign has been on simplicity and ease of use, attempting to make the customer experience as straightforward, and information as easy to find, as possible.

Our dedicated public relations team, working particularly with our advice team, has ensured that The Share Centre has increased its prominence during the year in both broadcast and printed media with our experts often asked to give their opinions. This has also included a regular market comment slot for our Chief Executive, Gavin Oldham, on the BBC News channel.

In terms of promotional activity, the trend towards online advertising noted in last year's Annual Report has continued this year. In addition to having successfully achieved more prominence in search engine results, we have also dedicated more of our promotional spend to online advertising such as banner advertisements. The ability of these adverts to carry more animated messages and to be targeted at specific audiences, or to feature alongside particular relevant information, makes them an attractive option.

We have continued to advertise and send out guides to potential new customers during the year and this included the publication of a new guide on Funds which has been well received. At times of high volatility in individual share prices, and for investors seeking exposure to the stockmarket for the first time in an uncertain economic climate, investment in funds is sometimes a more attractive route than trying to be a successful stock picker. For this reason, and drawing on the launch of our Funds ISA and three Funds of Funds, an increasing weight is being placed on funds investment in our promotional activity and this will continue to be a strategic focus for the Group during 2009.

As well as attracting new customers it is, of course, important to the Group to retain and strengthen the relationships with existing customers. During the year we have offered incentives for existing as well as new customers to transfer accounts held elsewhere to The Share Centre and we place the highest possible priority on achieving high quality customer service.

The measurability of the success of our marketing and promotional spend is being given increased attention as we have developed our experience over the last couple of years. This serves to guide future spend and investment. However it is clear that the investment in promotional spending made over the last three years has already led to significant progress being made. For example, the benchmarked revenue share (see page 20) has shown good progress; during 2008 there has also been a significant increase in the number of new accounts opened – most notably more than doubling the number of Share Accounts opened relative to 2007. Increasingly customers are using the internet as their primary source of interaction with the Group, particularly for account opening.

The year ahead will see a continuation of this activity with the Board having agreed to a continuation of the promotional investment subject to any further significant market changes.



Awards We are delighted to be able to celebrate the success we have achieved this year with two industry awards. First, the Shares Magazine's award for "Best Execution-Only Broker" in which we beat rival nominees that included Barclays Stockbrokers, Halifax Sharedealing and HSBC Stockbrokers. Second, the Online Finance award for "Best Online Share Dealing Provider". This latter award is particularly pleasing as it reflects the level of care and investment which has gone into developing our online offering to enable access to the stockmarket for the retail investor.

“Thank you for spending time with us last week. I think we all got a lot from the discussion and suggestions”

New Millionaire's Investment Club

Dear Ian,
Thank you for spending time with us at the New Millionaires Club last week. From the feedback I think that we all got a lot from the discussion and suggestions. I hope that it proves beneficial in swelling the club's funds!

Also, thank you for all the items in the "goodie bag", that was most generous.

Yours sincerely

GH

Geoff Hilton

On behalf of the New Millionaire's Club

5. Just got your note about the ce Team paperwork. Thanks.

DARREN TOPPING
**PLASTERING
SERVICES**

11 Wood Street, Winslow, Bucks
MK18 1JH
Tel: 715295 Mob: 0789

Business Review: operational progress



Customer service focus High quality customer service is critical to our success as a business. In 2008 we have continued to develop our already strong customer services team and continue to provide our customers with a dedicated dealing team which handles customers' trades, along with free access to our

advice team which offers customers advice on investments and their financial position more generally. At a time when customers are increasingly looking to understand their investments and savings better, as well as their future financial needs, our advice team continues to offer registered customers expert telephone advice. This valuable service is free and, along with the wealth of research information on our website, helps to differentiate us from our competitors and is a key part of our efforts to serve the retail investor.

In terms of innovation, we continuously seek to review our services and identify ways in which they can be broadened or improved. In 2008 the Group launched three Funds of Funds – Cautious, Positive and Adventurous – seeking to provide customers with a straightforward entry point into investing in the world of funds. We also launched a new 'Funds ISA' which is free of administration charges and which provides fund investors with the opportunity to switch between fund managers without changing their ISA provider. The year ahead will see further developments such as voucherless Child Trust Fund (CTF) online account opening and the launch of our new Stakeholder and Self-Invested Personal Pension accounts in conjunction with Legal and General.

As required by the FSA the Group has fully documented complaints procedures and the number and nature of any compliments or complaints is closely monitored. This includes an analysis of trends and a determination of any service improvements which can be made in line with the FSA's Treating Customers Fairly initiative. We continue to have a relatively low level of complaints referred to the Financial Ombudsman Service (FOS) with just seven cases being escalated in 2008 (2007: five) and no cases being upheld against us.

Sharemark, Sharefunds and Corporate Services In addition to the services for the retail investor detailed above, the Group also has a number of offerings targeted to corporate clients.

Through The Share Centre, the Group provides self-select share services on a white-label basis to a range of corporate clients. These include This is Money, MoneyExtra and 0800 Shares. During the year Virgin Money decided to cease offering this service to its customers and we were pleased to welcome most of those customers who held accounts to become direct customers of The Share Centre. In addition to these white-label services, the Group also offers Share Incentive Plan administration through The Share Centre, and is a leading provider of custody and administration services to the Enterprise Investment Scheme (EIS) market where clients launched a number of new funds during the year.

Sharemark (www.sharemark.co.uk) is the Group's own multilateral trading facility. This operates as a trading platform on which companies can arrange for their shares to be traded by way of periodic auctions. Those auctions result in trades being executed at a single transparent price, at a frequency determined by the company concerned. This trading platform is proving increasingly attractive for Alternative Investment Market (AIM) and PLUS Market quoted companies for whom the costs, limited liquidity and administrative burdens of those markets are not entirely suitable. In addition, Sharemark is the trading engine used by Investbx, the West Midlands regional trading platform.

During 2008 a new relationship was formed with London Capital Finance, and it is hoped this will also result in further companies applying to have their shares admitted to trading on Sharemark. In 2008 the Group welcomed a further eight lines of stock to trading on Sharemark, taking the total to 20 (2007: 13) and in 2009 has already admitted a further four companies (March 2009).

Sharefunds (www.sharefunds.co.uk) is the Group's fund administration company. During 2008 Sharefunds administered the launch of the Group's Funds of Funds and continues to act as Authorised Corporate Director for the SF Delmore Growth and Income Fund and the T1ps.com Smaller Companies Fund. In addition it oversees the administration of the Arc European Property Management Fund. During 2009 the Group believes that Sharefunds will be able to gain further administration opportunities and there are currently two new funds in the process of being launched by third parties for which Sharefunds will act as administrator.





People and systems Located at one site at Aylesbury, Buckinghamshire, we continue to be well placed to attract and retain talented staff many of whom have experience of working in similar roles within the City. The high calibre staff we employ are critical for the delivery of efficient operating processes and excellent customer service. We invest heavily in training and development including a dedicated management development programme for all those with staff management responsibilities. We use best practice to guide our employment terms, including a wide range of benefits, and benchmark these regularly against the financial services industry. In particular those benefits include private medical cover, contribution to each employee's personal pension of 8% of salary, death in service cover and importantly a share of the Group's profits paid out quarterly.

During 2008 we were particularly pleased that, following a rigorous and very positive review process by an independent assessor, we received the renewal of our Investors In People accreditation. This reflects the investments the business makes in its staff, and the importance the Group places on internal communication. The Share Centre also operates within the requirements of the ISO 9001:2000 quality mark.



INVESTOR IN PEOPLE

In addition to our staff, information systems are critical for the efficient running of our business and in particular the web-based interaction we have with so many of our customers. During 2008 we continued our programme of investment in information technology and the process of migrating away from legacy systems. In 2009 we will also be investing in enhanced internet connectivity to improve further the speed of our customers' web connections to us and to enable future growth in our customer base.

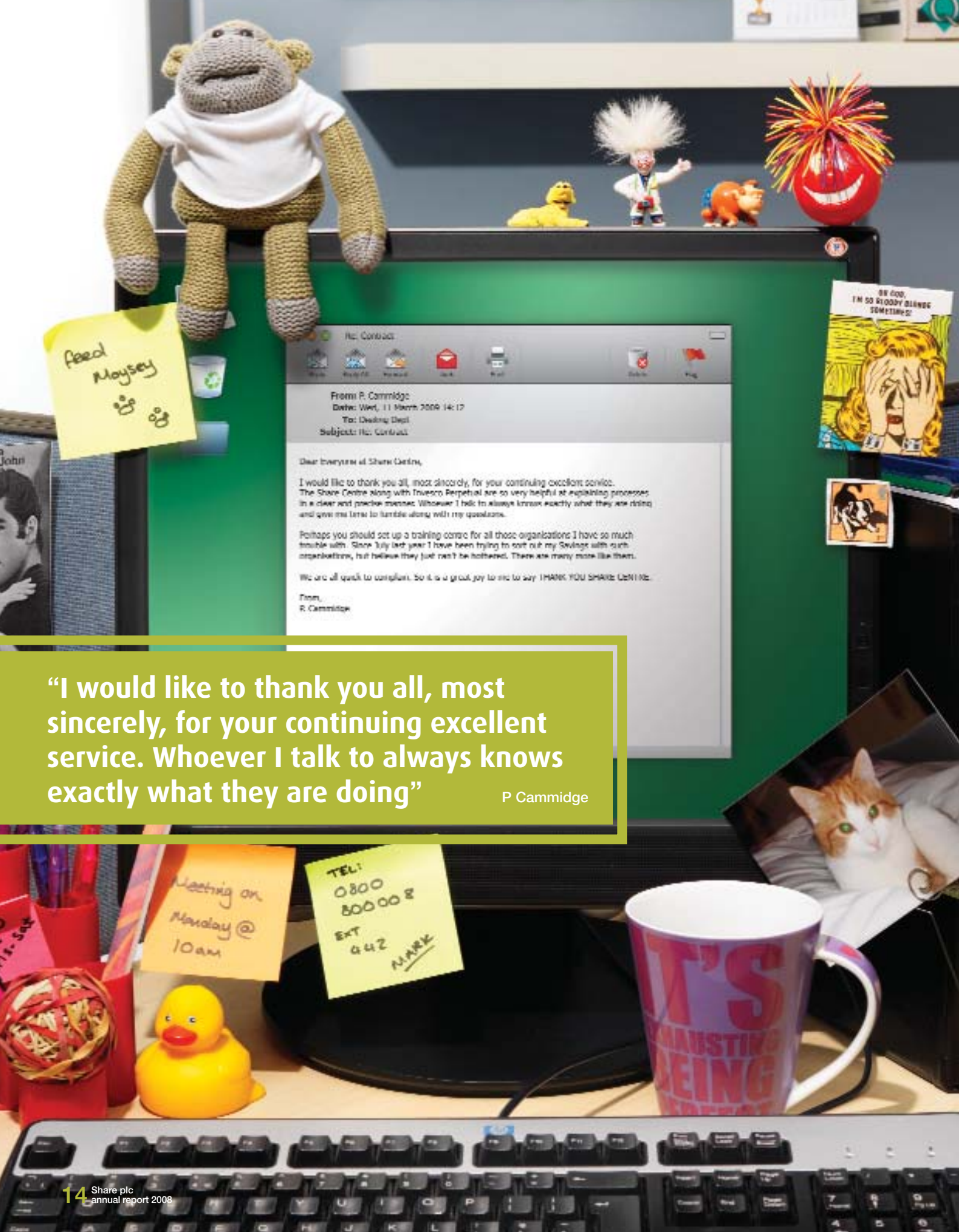
2008 also saw a significant emphasis placed by the media on data security with several high profile cases of 'lost' data particularly in the public sector. The Group continues to invest heavily in the security of its systems and undertook a full review using a third party specialist to advise on best practice. This led to a number of changes in our processes and included enhancements to the sign-on procedures for customers to help protect them from unauthorised access being obtained to their accounts as a result of the 'phishing' of data from their home computers. It is, of course, critical that customers maintain the latest anti-virus and spyware software on their personal computers when accessing sensitive information such as that held by a bank or The Share Centre.



It is essential that a business such as ours can function even in circumstances where our operations are disrupted. To that end, we rent a permanent operational facility in a different geographic location to which we can relocate our key staff and operations should our ability to function from our existing offices and systems be impaired. These business continuity plans are subject to regular testing and review.

Engagement with all stakeholders The business has a number of significant stakeholders but in particular three interest groups comprising customers, employees and shareholders. The Group's strategy encourages the involvement of each of these constituencies in all that the business does and an important part of that is the alignment of their interests.

We do this in a number of ways including profit sharing with employees and operating our own Share Incentive Plan for those employees. We actively seek customer participation in the activities of the Group and many of our customers are also shareholders. This was further emphasised when, in January 2008, we launched our Free Shares offer whereby 200 Share plc shares were available to anyone subscribing in full to an ISA, or transferring a fully subscribed ISA to The Share Centre by 5 April 2009. The result of these initiatives is to create a large overlap between the three interest groups with most employees also having an equity participation in the Group, a significant majority of active customers also being shareholders and most shareholders and employees also being customers.



Feed
Moysey
☺☺

Re: Contact

From: P. Cammidge
Date: Wed, 11 March 2009 14:17
To: Deskmg Dept
Subject: Re: Contact

Dear Everyone at Shore Centre,

I would like to thank you all, most sincerely, for your continuing excellent service. The Shore Centre along with Invesco Perpetual are so very helpful at explaining processes in a clear and precise manner. Whoever I talk to always knows exactly what they are doing and goes me time to handle along with my questions.

Perhaps you should set up a training centre for all these organizations I have so much trouble with. Since July last year I have been trying to sort out my Solange with such organizations, but believe they just can't be bothered. There are many more like them.

We are all quick to complain. So it is a great joy to me to say THANK YOU SHORE CENTRE.

Trn,
P. Cammidge



“I would like to thank you all, most sincerely, for your continuing excellent service. Whoever I talk to always knows exactly what they are doing”

P Cammidge

Meeting on
Monday @
10am

TEL:
0800
800008
EXT
442
MARK

Business Review: operational progress



Compliance The Group's principal operating company is The Share Centre Limited which is authorised and regulated by the FSA (FSA reference number 146768). Its sister company, Sharefunds Limited, is also an FSA authorised entity (FSA reference number 227807). The Group has to submit to the FSA a range of monthly, quarterly and annual returns – for both the regulated entities and on a consolidated basis for the whole Group. Following smooth implementation of the Markets in Financial Instruments Directive (MiFID) in 2007 the main new regulatory requirement with a deadline during 2008 was the Treating Customers Fairly initiative. The Group undertook significant work in this regard during 2008 and considers that it met the requirement to evidence its fair treatment of customers in line with the six outcomes required by the FSA as at 31 December 2008.

The Group's compliance team has a key role to play in the maintenance of a strong culture of control and compliance. This includes a process of regular reviews of the different areas of the business, examining their activities in depth and highlighting any potential areas of weakness. Recommendations for improvements are made and implemented so as to minimise the Group's overall exposure to risk and the Group has a stated aim in its business plan to achieve continuous improvement for each business function in their individual risk assessment as undertaken by the compliance function.

Corporate governance The Board was delighted to welcome Barbara Pierssene as the new Company Secretary shortly before the admission of the Company to AIM. Barbara also serves as the Group's Money Laundering Reporting Officer (MLRO), so she knows the Group well.

The Group had always endeavoured to operate in line with corporate governance best practice for AIM companies for the years prior to its admission to AIM. This means that the admission to AIM has not resulted in any significant changes to the manner in which the Group operates. One change which did take place shortly prior to admission was the re-organisation of the Group Board structures as noted in the Directors' Report on page 26.

A key aspect of corporate governance is risk management and this is overseen by the Audit and Risk Committee, a sub-committee of which – the Risk Committee – reviews and assesses the risks faced by the Group and highlights areas of potential concern, seeking to address and mitigate those risks. In particular, procedures are regularly reviewed and updated with specific attention paid to reconciliations and the segregation of duties in order to aid in the mitigation of the potential for fraud. In addition the Group carries appropriate professional indemnity and financial crime insurance.

Overall the Group has a risk averse attitude as evidenced by the absence of outsourcing of business critical processes, the interest rate protection policy taken out in November 2007, the fact that the Group takes no principal positions in stocks and the policy that customers can only trade with the cash or stock available for a purchase or sale on their account in advance. The Group carries no external debt and has strong cash balances.

Industry memberships The Group seeks to play an active role in the stockbroking industry and in the financial services arena more generally. To that end, The Share Centre is a member of the London Stock Exchange, the Association of Private Client Investment Managers and Stockbrokers (APCIMS), the Tax Incentivised Savings Association (TISA), the Personal Finance Education Group (pfeg), London Chamber of Commerce and the Centre for the Study of Financial Innovation (CSFI). In addition, Share plc is a member of the Quoted Companies Alliance (QCA) and Sharefunds is a member of the Investment Managers Association (IMA).



Business Review: financial performance



Revenue growth In the face of volatile market conditions the business delivered revenue growth in the year of 2.1%, increasing revenues to £12.0 million. Most of these revenues continue to be derived from individual personal investors.

The principal trading entity within the Group is The Share Centre Limited and the business model underpinning the Group is focused on building recurring revenue streams with a particular focus on fees and interest income. Both dealing commission and fees charged fell when compared to 2007. This predominantly reflects the impact of changes in stockmarket valuations with the FTSE All-Share falling by some 33% during the year. That fees fell by less than 10% underlines the fact that whilst exposed to changes in market values ad valorem fees only comprise a part of our fee charging structure. Dealing commission was impacted by weakened investor sentiment. Whilst in the second half of the year dealing volumes recovered, when combined with the fall in share values this was not sufficient to offset the weak volumes experienced through the first half of 2008.

Interest income rose to an extent which more than offset the fall in fees and commissions. This was driven by an increase during the year in the amounts of cash held on client accounts – particularly caused by cash denominated corporate acquisitions – and the divergence which was seen during the year between the three month money market rate and the base rate, especially as base rates fell sharply in the last quarter. This enabled the Group to gain a higher net interest margin on the cash held. Interest income was also underpinned by the interest rate floor policy taken out by the Group in November 2007. This three year policy cost £94,500 and is designed to ensure the margin received by the Group on client monies remains at 3.5% even in circumstances where base rates fall below that level. This policy is therefore contributing some £225,000 per month (as at March 2009) to the Group's revenues. The policy runs to 1 November 2010 (for more detail see notes 19 and 20).

Aside from the revenues generated by the provision of account, custody and dealing services to personal investors the Group also offers a range of corporate services including white-labelled share dealing services, Share Incentive Plan (SIP) administration, Enterprise Investment Scheme (EIS) administration, Sharemark, the Group's trading platform, and Sharefunds, the Group's fund administration offering. In 2008 these contributed some £1.4 million to the Group's revenues (2007: £1.2m).

Revenue

- 26% commission
- 39% fees
- 35% interest



Investment in marketing and people As noted in last year's Annual Report the Group's investment in marketing is continuing and has now reached what the directors consider to be a constant and sustainable level. Whilst discretionary in nature and subject to detailed review in terms of effectiveness, the impact is believed to be evident through the progress the Group has made in its key performance indicator – benchmarked revenue share. This provides an independent measure of our performance relative to our closest peers. Marketing spend in 2008 was £2.5m (2007: £2.5m).

Our high quality staff are the Group's biggest single cost. The total headcount of the business has remained relatively constant year on year with 121 staff employed at year end (2007: 122). This has brought to an end a number of years of significant headcount increases and going forward it is expected that future increases in headcount will be modest given current market conditions and with more business being done online.

Operating profit The increase in revenue in the year resulted in an increase in operating profit of 12.3% from £1.2m in 2007 to £1.3m in 2008, reflecting controlled costs and in particular relatively constant marketing and headcount expenditure. As noted above, the cost base of the business is capable of handling significantly increased volumes by virtue of a greater use of modern technology by customers. This should result in an increased capability, all else being equal, for the Group to convert future revenue growth into profit.

Overall the operating profit margin improved year on year from 9.9% to 10.9%.

Interest rate floor policy As noted above and in note 19 the Group has an interest rate floor policy with Bank of Scotland which runs until 1 November 2010. This pays the Group interest at the rate of 3.5% less base rate on a principal sum of £90 million. As the global financial markets became significantly more turbulent in September 2008 following the collapse of Lehman Brothers it was determined that interest rates may indeed fall below 3.5% and as such this policy was designated a cash flow hedge with effect from 1 October 2008.

From an accounting perspective this has resulted in a split of the policy into its time value and intrinsic value. The intrinsic value forms the effective hedge and is therefore taken through the Group's balance sheet with the revaluation reserve created being recycled to the income statement as cash payments are received from the policy. The time value continues to be treated as fair value through the profit and loss (FVTPL) and resulted in a charge to the income statement of £15,000 in the year, leaving a fair value of £120,000 as at 31 December 2008 (see note 20). It is anticipated this time value will diminish to zero over the life of the policy and will result in a net charge to the income statement of £120,000 over the next two years.

Balance sheet The balance sheet continues to be strong with cash and cash equivalents totaling some £12.4 million at the year end (2007: £11.6 million). The debtor and creditor positions principally represent our open customer positions with the market – i.e. unsettled customer stock purchases and sales.

As the Group now presents its accounts using International Financial Reporting Standards (IFRS) there is a requirement to fair value certain assets, including the Group's holdings in the London Stock Exchange plc (LSE) and Euroclear plc. During the year the LSE share price fell sharply from £19.79 to £5.26 per share. This has resulted in a significantly reduced value being recognised on the balance sheet this year. The value recognised in respect of the Euroclear plc shares also fell slightly in the year though the implied price movement was largely offset by exchange gains as the holding is denominated in Euros.

As a counter to these changes in the value of investments held, the fair value of the interest rate floor policy noted above as at year end was £2.65 million (see note 20). The recognition of this value offset any impact on shareholder funds arising from the fall in the fair value of investments. Overall shareholder funds therefore increased from £15.9 million to £17.3 million. This represents just less than 11 pence per share.

Shareholder funds

2006	15.616m
2007	15.896m
2008	17.292m



Business Review: financial performance

Treasury management As noted in last year's Annual Report, the improved treasury management processes introduced in 2006 delivered significant returns in increased interest income. This was primarily achieved through the use of three month term deposits. This has continued to be the case in 2008 with the divergence between LIBOR on which three month rates are typically based and the base rate giving rise to a significant premium being earned on our three month deposits. The use of these term deposits has also resulted in a benefit to our overall interest income as base rates (and overnight LIBOR rates) have fallen through the fourth quarter.

Of principal concern to the business this year has been the security of our customer deposits and the nature of the institutions we use to ensure the maximum security for those funds. This has involved regular detailed Board reviews of the institutions used and we now employ a trio of banks for our customer deposits, being HBOS (now part of the Lloyds Banking Group, with significant Government support), HSBC and Clydesdale Bank (part of the National Australia Bank Group). We have also sought and obtained reassurance from the Financial Services Compensation Scheme that our customers' monies would be covered by that scheme were any of the counterparty banks to fail. The spreading of our deposits provides most customers with a potentially higher level of compensation in the event of any one of the institutions failing as their deposits would be deemed spread across the three.

The Group continues to take its fiduciary duty in this regard extremely seriously as the banking sector continues to experience difficulties. All the institutions used are subject to ongoing review.

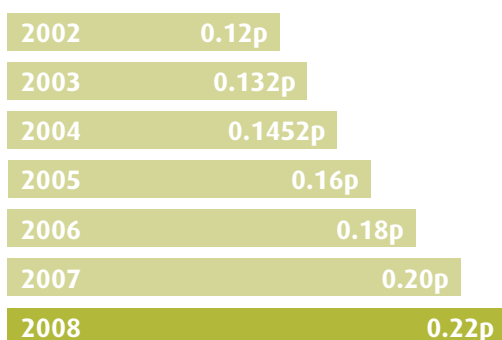
Dividends The Group has always maintained a prudent approach to the distribution of dividends in order to ensure that the Group has sufficient resources to enable the pursuit of its strategy – through both marketing spend and potential acquisitions. The Group has also established a track record dating back to 2002 of increasing the dividend payment by c.10% per annum as the business has grown. In continuance of that trend the proposed dividend for 2008 is 0.22p per share.

The Financial Statements show the dividend paid during 2008 in respect of 2007, which amounted to a total distribution of £320,000. The proposed dividend for 2008, payable in 2009, would amount to a distribution of £352,000.

Capital requirement The Group is required by the Financial Services Authority (FSA) to maintain a capital position in terms of financial resources so as to ensure it can always meet its current and anticipated short-term liabilities. The Group operates an Internal Capital Adequacy Assessment Process (ICAAP) through the Audit and Risk Committee and this process indicates that the Group has no requirement to hold capital over and above the level indicated by its Pillar 1 requirement.

That said, the Group clearly has a strong balance sheet and does in reality maintain a level of capital several times its current minimum requirement. As at the year end the Group had a financial resources position of more than eight times that required by the FSA (2007: 8 times). The Group considers the Pillar 3 disclosure requirements are met through the disclosures in these financial statements.

Dividends





“Thank you for dealing with my Sainsbury’s shares – it’s nice to know someone so efficient”

S Thacker

Business Review: key performance indicators

The Group uses a number of key performance indicators to monitor and measure its progress through the year. These are both quantitative and qualitative and relate to activity levels as well as financial metrics. The key performance indicators discussed below are consistent with those disclosed in our 2007 Annual Report.



Business Performance

Market share The principal key performance indicator, on which the Group reports quarterly, is the market share of benchmarked retail stockbroking revenues. This is central to the measurement of the Group's success in delivering its growth

strategy and provides an important guide to the effectiveness of our marketing investment. The indicator is based on a peer group of 10 other brokers including the subsidiaries of major clearing banks and uses data provided by Compeer, the independent company which provides data and analysis to the fund management communities. The fourth quarter data indicated a market share of 5.33%, an increase from 5.24% in the fourth quarter of 2007. For the year as a whole the market share was 5.33% as against 5.16% for 2007. The data behind this shows that the Group increased its revenues by 2.1% in the year whilst the peer group saw a collective decline in revenues of 1.4%.

The continued upward trend in this indicator is also testament to the robust nature of the Group's business model and, as highlighted in the Strategy and Outlook sections, we would anticipate further progress to be made during 2009 as the benefits of the Group's relatively risk averse model come to the fore in challenging economic times.

Customer interaction We measure the levels of interactions with prospective customers through a range of different metrics including the number of enquiries, account packs distributed, accounts opened and website usage. Whilst the number of account packs distributed fell during 2008 relative to 2007 we have seen customers increasingly moving to the internet as their primary means of contacting us. This has led to an increase through the year in the proportion of Share Accounts being opened online (82% in 2008 compared to 61% in 2007) as well as an increase in the absolute number of accounts being opened of 102% (i.e. more than twice as many Share Accounts opened in 2008 as in 2007).

Headcount We monitor levels of headcount on a monthly basis, reviewing the actual levels (121 at December 2008 (2007: 122)) as well as assessing staff turnover rates and our success in attracting and recruiting new staff. Given the volatile market conditions and increasing use of the internet by our customers the need for additional headcount diminished, enabling the Group to maintain staffing levels and costs year on year.



Financial

Revenue We monitor the absolute level of revenue on a monthly basis against budget and forecast expectations. In 2008 this totalled £12.0 million (2007: £11.7 million). We also monitor the split of revenues across the three distinct revenue streams. This showed a significant movement in 2008 away from commission and fees to interest income with the split for the year being: 26% dealing commission, 39% account fees and 35% interest. This compares with a respective split of 31%, 44% and 25% in 2007. This does indicate a further move towards higher quality recurring revenue streams with 74% of revenues (2007: 69%) derived from fees and interest. It is interesting to note that in our benchmarked peer group the collective percentage of revenues derived from fees and interest in 2008 was just 45%, with a much higher dependence on dealing commissions.

Operating margin We review the operating margin of the Group on a monthly basis, which was 10.9% in 2008 (2007: 9.9%). This demonstrates the ability of the Group to turn increased revenues into operating profits; however it understates the longer term expectations of the Group as a result of the impact of the investment being made in marketing activity compared with our peer group.

Assets under administration This measure highlights the collective value of investments held by our customers. We look at this in both absolute terms and at the rate of change relative to overall market levels. As at the end of 2008 this value was £0.9bn. This was 26% lower than a year earlier which, whilst not desirable, compares favourably with a fall in the FTSE All-Share over the same period of 33%. A rate of increase, or decline, which is better than the market as a whole gives an indication of the Group's ability to attract new accounts or additional investments from existing customers.

Cash flow The Group monitors its cash flows on a monthly basis and the cash flow statement for the full year is presented on page 40. This demonstrates the Group's ability to turn profit into cash and in the current year also highlights the successful fundraising undertaken by the Group in May 2008 at the time of its AIM Admission. That Offer for Subscription was nearly four times oversubscribed.

Financial resources As it contains regulated entities the Group is required to maintain a certain level of capital by the FSA. As such, we monitor the level of the Group's financial resources regularly comparing it to the minimum amounts required to be held and we also provide monthly returns to the FSA. As at 31 December 2008 our financial resources for this purpose – as a Group – were £16.4 million, 8.5 times that required by the FSA (2007: £15.8 million, 8.3 times the requirement).

Principal risks and uncertainties

The directors have identified and continually monitor the principal risks and uncertainties facing the Group. These may change over time as specific new risks may emerge and others cease to be of concern. However, broadly the principal risks to the Group are detailed below. The directors believe that the identified risks have been addressed and where possible, and within the Group's control, mitigating actions have been taken to ensure processes and procedures are in place and followed to limit any impact which could arise (see note 19 for further detail).

Regulatory risk The Group contains regulated entities. As such it is essential that it abides by the rules and requirements of the FSA. Failure to do so, but especially with regard to the treatment of customers and the handling of client money, could lead to sanctions and fines on entities within the Group.

Systems failure The operations of the Group are highly dependent on technology. A failure in the Group's core systems or customer interfaces could pose a significant risk to the business. Were it to affect the ability to reconcile accounts or maintain records this could also have regulatory implications. This would also be the case were any of the Group's systems or processes in respect of data security to fail.

Reputational risk The Group is continuing to spend significant sums of money on marketing and building The Share Centre's brand to attract new customers. Were the brand to be affected in any way through bad publicity or negative associations this could impact customer confidence in that brand and damage the prospects of the business.

Investor sentiment The Group has a diversified customer base and is not subject to any significant concentration risk. However, most revenues are derived from retail investors and were investor confidence in the stockmarket to be adversely affected or a very deep, prolonged recession with very high unemployment to reduce the ability of retail investors to undertake savings and investment activity, this could impact the performance of the Group.

Stock market volatility Changes in the value of the stock market directly impact the level of ad valorem fees and therefore revenues. Sharp changes in valuations can also damage investor confidence and therefore damage the prospects of the Group more widely. The Group's business model and split of revenues across commission, fees and interest helps mitigate exposure to any one factor. However, a combination of falling stock values and sharply reduced investor activity could have a significant impact on the performance of the Group.

Competition risk The Group faces competition from a number of other brokers and larger financial institutions offering similar services. The Group has successfully differentiated itself by targeting investors at an earlier stage than many brokers, by offering a clear and easy to use service, through its high quality customer service and low prices. However, the Group is always susceptible to the impact of short term cut price offers from competitors who, in the case of the large financial institutions, may have substantial financial resources to support such initiatives.

Interest rate risk The Group derives a significant proportion of its income from interest on client and house cash it holds. This is protected in the near term by the interest rate floor policy. However, if interest rates remain at their currently historic levels for a prolonged period beyond the life of the policy (1 November 2010), this could adversely affect the performance of the business.



Corporate and social responsibility

The principal objective of the Group's corporate and social responsibility policy is to ensure a long term sustainable future for Share plc, all its stakeholders and the communities in which it operates.

The directors of Share plc believe the Group has an important role to play in the local community and more broadly. The active role the Group plays has a number of facets including:

■ **Financial education** Gavin Oldham is a Board member of pfeq, the personal finance education charity, and the Group makes a £10,000 contribution to its activities by way of its corporate membership. The Share Centre also operates Shares4Schools (www.shares4schools.org), a real investment competition for Year 12 students: in June 2008 Reading School produced a winning 24% gain, beating 80 other schools.

■ **Charitable activities** Staff at The Share Centre regularly organise a variety of fundraising events and participate in the monthly 'dress down' day for charity. In 2008 these activities raised over £2,500. The Share Centre makes donations to these and other relevant activities as well as supporting children in care from Buckinghamshire through The Share Foundation which contributes to their Child Trust Funds. In 2008 the Group donated £1,275 to The Share Foundation. The Group has a policy of making no political donations.

■ **Tax gathering** Alongside other businesses the Group also performs a vital role as a tax collecting organisation on behalf of Government. This is particularly the case for stockbrokers who collect stamp duty on share trades in addition to the usual corporate taxes, payroll taxes and VAT. In 2008 the amount collected totalled some £3.9 million including £1.5 million of payroll taxes and £1.3 million of stamp duty.

The environment As an office-based business our impact on the environment is relatively light by the nature of our services. One impact is the effect of staff driving to work which we have tried to mitigate through working with our landlord to provide more bicycle parking, through encouraging some flexible working patterns to enable staff to avoid peak travel times, and in basing ourselves in a relatively residential location.

Further environmental impacts arise from the energy we use, which we try to mitigate through increased staff awareness, and through the level of paper we consume. These issues are monitored by the 'Green Team' within the company comprising a cross section of staff dedicated to looking at ways in which we can reduce our environmental impact. In 2008 this included introducing the Government's 'Bike to work' scheme enabling employees to take advantage of tax incentives to encourage them to purchase and use a bicycle for travelling to and from work. In addition, we are continually seeking to increase the extensive use of electronic communications in delivering our services which provides opportunities not only to improve customer facilities but also to minimise our carbon 'footprint'.

Our customers We are committed to providing all of our customers, and those of our corporate clients with whom we deal, with outstanding customer service. We have embraced the concept of Treating Customers Fairly and through training and company culture have embedded this throughout our organisation.

We are committed to fulfilling our customers' investment needs and this includes investing in new services and technologies to enable customer interaction and a proactive approach to customer contact, resolving issues which may arise at the earliest opportunity.

Our employees We are committed to the development of all our people and believe all our employees should share in the success of the business. We do not envisage any redundancies due to the recession although future recruitment is analysed carefully. We have adopted best practice with regard to all legislation as noted in the Directors' Report.

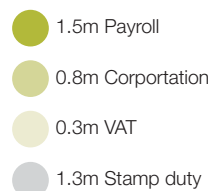
We support our employees' personal and professional needs and seek to stay ahead of corporate best practice in many areas. This includes making significant contributions to employees' personal pension plans, sick pay in excess of statutory minimums, sabbatical leave opportunities and flexible working with more than 10% of staff currently being part-time.

We also aim to provide a safe and supportive environment in which to work, and all staff receive appropriate training and workstation assessments to ensure health and safety issues are addressed and risks mitigated.

Ethical Share plc is committed to the highest standards of corporate behaviour from its directors and employees, and expects all staff to perform their duties with efficiency and diligence, treating others with care and courtesy. The Group has a strict conflict of interest policy and rules on the acceptance of any gifts, which requires any such material gifts to be recorded on a central register maintained by the compliance department. All personal share dealing by staff is also monitored to ensure conflicts are avoided and regulatory obligations are met.

The Group pays 'bonuses' to directors and staff based on a profit share. In 2008 this profit share element was just over 8% of base salaries. No staff are rewarded on the basis of sales or commissions in respect of transactions undertaken by individual customers.

Taxes (£ millions)



Thank you

Also, thank you for all the generous
Yours sincerely
Geoff Hilton
on behalf of the New
Millonare's Club
get your note about the
paperwork. Thanks.

Mrs G Davis & Leases Team
The Share Centre
P.O. Box 2000
AYLESBURY
Buckinghamshire
HP21 8ZB

Dear Mrs Davis,

This is a short note to thank you, in connection with your efforts in the sale of
I shares in The Share Centre for the future of our former club. I
to Lorraine and to another lady whose name, to my shame, I do not
remember. Both were pleased to receive and helpful. I am extremely
pleased to thank someone just because they did what they said they
would do efficiently and effectively, but I am sure
we are all in a service industry but I sometimes wonder why - often
Thank you again for your sterling service - much appreciated.

Yours sincerely,

Daniel Nathan

FRS Daniela
Certificate Sales Dealing Team

Dear Mrs Cannon,
Thank you for your letter
and returning my documents.

I do understand more
about the shares now and
thank you once again for
the trouble you have taken

Yours faithfully
Patricia O'Hill



"I do understand more about the shares now... thank you for the trouble you have taken"

P O'Hill

The Client Services Manager
2, 0800 Shares
PO Box 2000
was Aylesbury
near Bucks
HP21 8ZB

Dear Sir/Madam,
You have recently sent a valuation
of my account and a tax certificate
to say a...

Board of directors



1. Sir Martin Jacomb, 79 Chairman and non-executive director
Sir Martin brings to the Share plc Board a wealth of experience from across the business spectrum. Currently non-executive Chairman of Canary Wharf plc, and Chancellor of the University of Buckingham, his previous experience includes Chairman of Prudential, Chairman of BZW, Deputy Chairman of Barclays plc and directorships including the Bank of England, Rio Tinto plc, and Marks and Spencer plc.

2. Richard Tolkien, 54 Non-Executive Director
Richard started his career with five years at HM Treasury, and then went on to spend 24 years as an investment banker with advisory and management experience gained in senior corporate finance and executive roles with Morgan Grenfell, HSBC and Macquarie Bank. He is also a non-executive director of Parkwood Holdings plc.

3. Gavin Oldham, 59 Chief Executive
Gavin's responsibilities include all aspects of control and oversight, including the Group's strategy for growth. Founder of The Share Centre, having previously established Barclayshare (now Barclays Stockbrokers) for Barclays Bank, Gavin plays an active role in business affairs and is a regular contributor to radio and TV. An elected member of the General Synod and a Church Commissioner, he also serves on the Church's Ethical Investment Advisory Group, and is a trustee of pfeG (Personal Finance Education Group) and founder of The Share Foundation.

4. Richard Stone, 35 Finance Director
Richard, a qualified Chartered Accountant, joined Share plc in April 2006, from his previous role as a Director of Huntswood – an outsourcing business serving the financial services sector. Prior to this he was Group Financial Controller at ECsoft plc (now CIBER Inc.). His earlier investment market experience as an equity research analyst with the US investment bank, Robertson Stephens, included involvement in a number of initial public offerings across Europe, and will enable him to contribute to the further development of Share plc's profile in addition to managing the financial and administrative affairs of the Group.

5. Iain Wallace, 39 Compliance and Legal Services Director
Iain brings his experience as a private client stockbroker, and latterly a regulator with the Securities and Futures Authority and the Financial Services Authority, to bear directly on maintaining a strong compliance culture that delivers clear, fair and effective services for our customers. He maintains oversight of the Sharemark and Sharefunds services for corporate clients, as well as The Share Centre's advice service and HR functions. During 2007 Iain completed a Masters Degree in Financial Services Law (LLM) with Distinction.

Other members of senior management

6. Guy Knight, 50 Sales and Marketing Director, The Share Centre Limited
Guy brings extensive practical experience across the insurance, investment banking, stockbroking and retail banking sectors. He has held a variety of Marketing, General Management and Board positions at companies including Hiscox Insurance, Deutsche Bank, Charles Schwab, Credit Agricole, The Mortgage Corporation and Nationwide Building Society. He is responsible for PR, marketing communications, brand management, product and pricing strategy and the corporate sales function.

7. Jeremy Helliwell, 53 Operations Director, The Share Centre Limited
Jeremy previously worked in a variety of project and systems based roles at Barclays, and was part of the core team which created Barclayshare (now Barclays Stockbrokers). Responsible for the day-to-day operations of the business including the front office activities of Customer Services and Dealing, as well as the firm's IT systems and infrastructure, Jeremy maintains significant day-to-day involvement in delivering quality services to our customers.

Financial report



Directors' Report

The directors submit their report and the audited accounts for the year ended 31 December 2008.

Principal activities

The Company acts as the holding company for the Group with subsidiaries as set out in note 18. The business of the Group is made up of two principal fully integrated activities:

- the provision of custodial administration whereby the Group acts as nominee on a number of different types of accounts including Share Accounts, PEPs, ISAs and Child Trust Funds; and
- a low-cost dealing service to allow customers holding accounts to trade in their shares.

Review of the business

A review of the business during the year is given in the Chairman's Statement and in the Business Review on pages 6 to 21 of this Annual Report. Included in those reviews are details of the key performance indicators used by the directors to monitor the Group's performance, along with explanations of the principal risks and uncertainties facing the business, and references to the Group's future prospects. These statements should all be read and considered as part of this Directors' Report.

Results for the year

The results for the year ended 31 December 2008 and the financial position at that date are set out in the financial statements. The profit after taxation of the Group amounted to £867,000 (2007: £2,446,000).

Dividends and transfers to reserves

A final dividend of £352,000 (0.22 pence per share) will be proposed at the 2009 Annual General Meeting. During 2008 a total dividend in respect of 2007 was paid of £320,000 (0.20 pence per share).

The retained profit after tax of £867,000 (2007: £2,446,000) has been transferred to reserves.

Policy on payment to suppliers

The Group agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier. At 31 December 2008 Group trade creditors represented approximately 23 days (2007: 26 days).

Directors and their interests

On 7 April 2008, prior to the Company's admission to AIM Jeremy Helliwell, Guy Knight and Peter Forster all stepped down from the Board of the Company and on 1 April 2009 Peter Forster stepped down from the Board of The Share Centre Limited. Jeremy Helliwell and Guy Knight remain key members of the Group's management team and directors of The Share Centre Limited. The directors of the Company who were in office at the end of the year and their interests in the 0.5p ordinary shares of the Company were as follows:

	2008	2007
Sir Martin Jacomb (Chairman)	397,510	385,174
G D R Oldham (including related parties)	125,013,749	124,926,238
R I Tolkien	26,229	10,806
I P Wallace	154,872	171,045
R W Stone	52,897	37,474

Details of the directors' share options are included in the directors' remuneration report and none of the directors had an interest in any shares of any other Group company. The Company maintains a liability insurance cover on behalf of directors and officers of the Company and its subsidiary undertakings.

Share capital

As at 1 April 2009 the following persons or entities had notified the Company in accordance with Section 198 – 208 of the Companies Act 1985 that they held an interest of three percent or more in the issued share capital of the Company:

Shareholder	Holding	Percentage of Issued Share Capital
Gavin Oldham (including beneficial trust)*	52,680,311	32.9%
Oldham Family Trusts*	43,903,750	27.4%
Virginia Oldham (including beneficial trust)*	13,102,437	8.2%
Cuillin Investments Limited	6,375,000	4.0%
Kathryn Maintzer*	5,413,229	3.4%
Faye Hinsley*	5,407,500	3.4%

Share Nominees Limited, the non-trading bare trustee for The Share Centre Limited's customers, holds 36,174,304 shares (22.6%), including some of the shareholdings detailed above.

*These are all related parties.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Charitable and political donations

During the year the Group made charitable donations of £1,580 (2007: £4,855).

Directors' Report (continued)

No political donations were made in the year (2007: £Nil).

Employment policies

The Group encourages employees to participate in its success through performance based bonus arrangements and through its use of share-based incentive arrangements among its senior employees. To further this overall equity participation the Company offers a Share Incentive Plan, which allows every employee to purchase up to £1,500 worth of the Company's shares per annum on a tax efficient basis. These are purchased on a monthly basis and held in trust and the shares acquired by the employee are supplemented by the Company on the basis of two matching shares for each employee's share.

Employees are kept informed of the Group's progress, including the key performance indicator (benchmarked revenue share) by quarterly presentations alongside information issued by way of press releases.

It is the Group's policy that no employee, or applicant for employment, receives less favourable treatment (including training and development, recruitment and promotion) by the Group or any other employee, on the grounds of disability, sex, age, race or religion nor be disadvantaged by conditions, management attitudes, behaviour or requirements that cannot be justified.

Financial risk management

The Group, overall, has a risk averse attitude. In terms of specific risks, the Group does not take equity positions on its own account so is not exposed to equity security price risk, and it has no credit concentration or relationships with customers which expose it to any significant credit risk. The level of debtors and creditors in the balance sheet predominantly represents customers' open positions with the market. The Group has no borrowings and has significant cash resources which are held on short-term deposit – these two factors limit any exposure to interest rate or liquidity risk.

Further information on financial assets and risks is contained within the Business Review and note 19 to the Financial Statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement and Business Review on pages 6 to 21. This also includes a discussion of the Group's cash flows and liquidity position as well as details of how the Group manages risk. The notes to the Financial Statements include a discussion of credit and liquidity risk. The financial risk management includes a cash flow hedge over an element of interest income.

The Group has considerable financial resources and no external debt. With a diversified customer base and core recurring revenue streams along with large elements of discretionary spending in the Group's cost base, the directors believe that the Group is well placed to manage its business risks successfully despite the uncertain economic outlook. Therefore, after making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has continued to be used in the preparation of the Annual Report and Financial Statements.

Independent auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP changed their name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Mark G. Tacomb

1 April 2008

Corporate governance

The directors acknowledge the importance of the Combined Code and have complied with its requirements so far as is appropriate to a Group the size and nature of Share plc. Although not always required to do so, the directors have consistently provided corporate governance disclosures comparable with those that are voluntarily provided by AIM-listed companies. Now that the Company is quoted on AIM, the directors intend to continue with this disclosure.

Board

The Board consists of three executive directors and two non-executive directors whose biographies are set out on page 24. These biographies demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of strategy and performance which is vital to the success of the Group. The Board is responsible to shareholders for the proper management of the Group. A statement of directors' responsibilities in respect of the financial statements is set out on page 27 and a statement of going concern is set out on page 28.

The structure of the Board and its sub committees is regularly reviewed and these committees are as follows:

Meeting	Attendees	Chairman	Minimum Frequency	Purpose
Board	Board directors	Chairman	Quarterly	Group strategy and regulatory control
Executive	Executive directors	Chief executive	Fortnightly	Operational management of the Group
Audit and risk	Board directors	Senior non-executive	Biannually	Review of internal control, compliance, effectiveness and costs of audit
Risk sub-committee	Compliance director, Finance director, Operations director (The Share Centre Limited)	Compliance director	Biannually	Monitoring of Group risk
Remuneration	Non-executive directors, Chief executive	Chairman	Biannually	Structure of Board remuneration

Policy on non-audit services provided by the auditor

To safeguard the independence of the audit process, non-audit services provided by the auditor are usually limited to defined audit related work and tax services that fall within specific categories. The auditor's remuneration for taxation services relates to advice in connection with the completion of the current and prior year tax computations for the Group. The auditor's remuneration for other services relates principally to the work involved in the Company's admission to AIM.

Corporate governance (continued)

Risk management and internal control

The Board has overall responsibility for risk management and internal controls. The schedule of matters reserved for the Board ensures that the directors maintain full and effective control over all significant strategic, financial, organisational and compliance issues. The Audit and Risk Committee has considered the absence of a formal internal audit function in the context of the Group's compliance procedures and other controls, and has concluded this is appropriate.

The directors have delegated to executive management the establishment and implementation of a system of internal controls appropriate to the regulatory and business environment in which it operates. This system of controls has been developed and refined over time to meet the Group's current and future needs and the risks and opportunities to which it is exposed. These controls include but are not limited to:

- Strategic planning and the related annual planning and quarterly re-forecasting process including the ongoing review by the Board of the Group's strategies;
- The definition of the organisational structure and appropriate delegation of authorities to operational management;
- The internal financial reporting and review of financial results and other key performance criteria;
- Accounting and financial reporting policies to ensure the consistency, integrity and accuracy of the Group's financial records;
- Regulatory control, compliance and application of the FSA rulebook;
- Client asset control and reconciliation; and
- Internal control and compliance reviews providing formal monitoring, risk assessment and reporting of weaknesses in departmental processes.

Relations with shareholders

The Board recognises the importance of communications with shareholders. The Chairman's Statement and the Business Review in this Annual Report include a detailed consideration of the business, its strategy, operations and future prospects.

The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. All directors are available at Annual General Meetings to answer questions. The proxy votes cast on each resolution proposed at general meetings are disclosed at those meetings. Regular press announcements are also provided to inform shareholders and potential investors and are posted on the Group's website, www.shareplc.com, as well as through the London Stock Exchange news service.

Directors' remuneration report

As stated in the Corporate Governance Statement on pages 29 and 30, the Company acknowledges the importance of the Combined Code and has complied with its requirements so far as is appropriate to a Group of the size and nature of Share plc. The directors' remuneration report is made voluntarily but complies with the Directors' Remuneration Report Regulations 2002 and describes how the Board has applied the principles of good governance relating to directors' remuneration.

The auditors can report to the Company's members on the 'auditable part' of the directors' remuneration report and state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985. The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Remuneration committee

The Remuneration committee has responsibility for making recommendations to the Board on the Group's general policy on remuneration and for specific packages for individual executive directors.

The membership of the committee is:

Sir Martin Jacomb (Chairman)

G D R Oldham

R I Tolkien

No director plays any part in any discussions about their own remuneration. There have been no changes to the composition of the committee since 31 December 2004.

Remuneration policy

The Company's policy is to provide remuneration packages to attract, motivate and retain directors of the right calibre who will make a significant contribution to the performance of the Company. The Board's policy for executive remuneration is designed to:

- Ensure the directors' rewards are competitive when compared to similar companies in terms of size and/or industry; and
- Give executive directors the opportunity to increase their earnings by achieving and exceeding key performance objectives.

As part of its on-going business the Committee undertakes periodic reviews of market levels of pay amongst similar companies. Based on these reviews the Committee has determined a base salary for the Chief Executive but has noted the decision of the current incumbent to draw a lower salary than that established by the Committee as appropriate for the position.

Base salary and benefits in kind

An executive director's basic salary is set by the Remuneration committee to reflect the director's responsibility, experience and market conditions. The basic salary is reviewed annually with effect from 9 April.

The benefits in kind provided include medical cover, life assurance and car allowance.

Profit share

The Company operates a profit sharing arrangement for its executive directors, who do not receive sales commission, thereby ensuring that the interests of shareholders and executives in sustaining increased profits are closely aligned and risks and rewards are shared. This arrangement principally operates through the creation of a pool based on a percentage of profits and operating profit growth which is then distributed on the basis of salary.

Pensions

Executive directors are responsible for their own pension arrangements and are eligible to receive an additional 8% of their annual salary payable into their personal money purchase pension scheme. This is the same rate as applied to all staff throughout the Group.

Share options

Executive directors are eligible to participate in the Company's share option schemes. Details of the schemes are provided in notes 31 and 32 to the financial statements. The committee ensures that awards are made within the overall limits authorised by the shareholders and at an appropriate level for an individual, taking into account their role, contribution to the business, previous option grants and market practice.

Directors' remuneration report (continued)

Share incentive scheme

The Company operates a Share Incentive Plan which is open to all employees. The executive directors, with the exception of G D R Oldham, are eligible to participate in the plan and their interests in the shares of the Company are as set out in the Directors' Report.

G D R Oldham holds a controlling interest in the Company and is not eligible to participate in the scheme. He therefore receives an additional remuneration payment equivalent to the value of the contribution that the Company would have made had he been entitled to participate in the scheme, and he uses the net payment to purchase shares in the Company.

Service contracts

The Company has entered into the following non fixed term service contracts with its directors:

	Date of service agreement	Notice period (months)
Sir M Jacomb	18 March 2008	1
G D R Oldham	14 April 2008	12
R I Tolkien	18 March 2008	1
I P Wallace	14 April 2008	6
R W Stone	14 April 2008	6

In the event of termination of employment of any of the directors, compensation amounting to that falling due under the notice period would be payable.

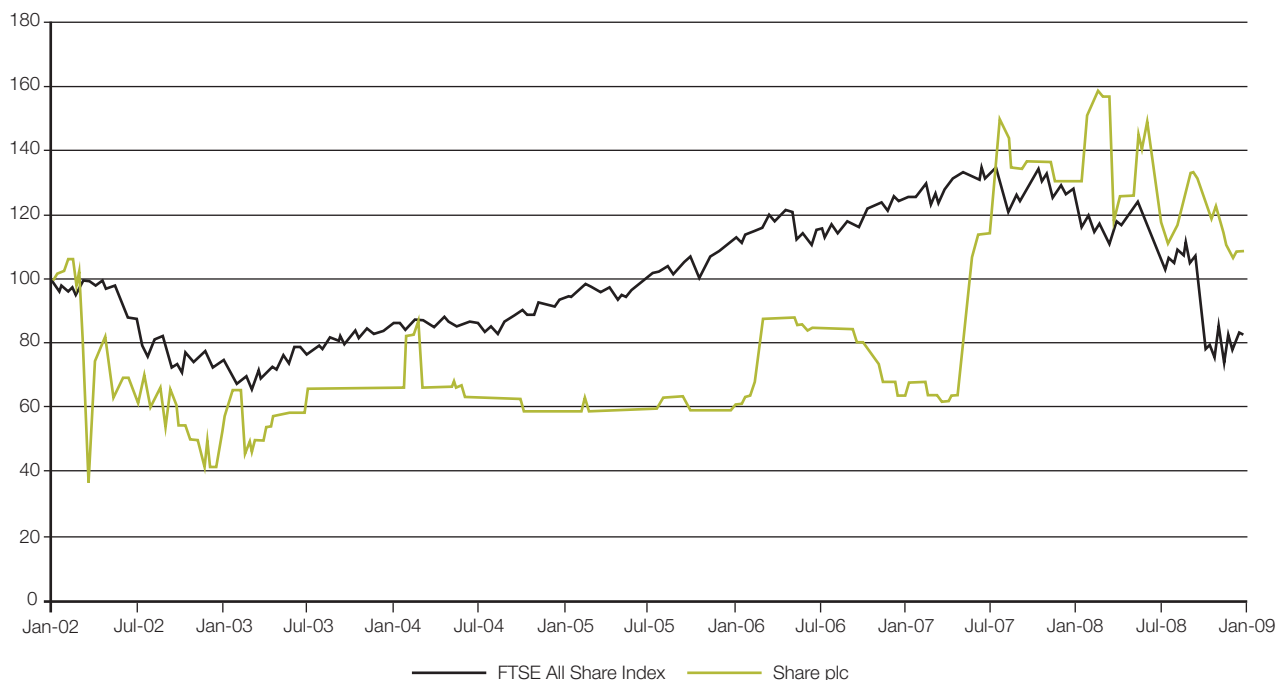
Non-executive directors

The Board determines the level of non-executive remuneration after considering fee levels in comparable businesses. A basic fee is set for normal duties and supplementary fees are paid for additional duties.

Whilst the Combined Code suggests that to retain their independence, non-executive directors should not be able to participate in the Company's share option schemes, the Company believes that the size of the share options granted to its non-executive directors does not affect their independence.

Total shareholder return performance graph

The graph shows the growth of a hypothetical holding in Share plc ordinary shares relative to the FTSE All Share Index over the last five years and assumes that dividends are reinvested on receipt. This index is considered to be the most relevant index for total shareholder return comparatives since the majority of revenue is derived from transactions in shares quoted on the FTSE All Share index. The total shareholder return is the share price plus the cumulative dividends over the period of the graph. The sharp increase in 2007 reflects the significant increase in the Group's share price during the year and the payment of the special dividend of 1.0 pence per share.



Audited information

Directors' emoluments	Salary/ fees £	Benefits £	One off payment ¹ £	Profit share £	2008 Total £	2008 Pension £	2007 Total £	2007 Pension £
Sir Martin Jacomb	23,600	–	–	–	23,600	–	22,533	–
G D R Oldham	113,667	7,441	6,000	31,590	158,698	9,093	164,441	8,780
R W Stone	100,667	7,441	20,000	27,708	155,816	8,053	138,571	7,560
R I Tolkien	19,053	–	–	–	19,053	–	18,940	–
I P Wallace	103,667	7,441	25,000	28,783	164,891	8,293	145,014	8,000
	360,654	22,323	51,000	88,081	522,058	25,439	489,499	24,340

¹ This additional remuneration payment for G D R Oldham is equivalent to the value of the contribution that the Company would have made had he been entitled to participate in the Company's Share Incentive Plan. For R W Stone and I P Wallace the sums represent one-off bonus payments awarded at the time of the admission to AIM.

Directors' remuneration report (continued)

Directors' share options

Under the Company's executive share option scheme and enterprise management incentive scheme, as at 31 December 2008 options were held by directors over ordinary 0.5p shares as follows:

		At 1 Jan 2008	Granted in year	Exercised in year	At 31 Dec 2008	Date of grant	Exercise price	Date first exercisable	Expiry
Sir Martin Jacomb	(U)	165,000	–	–	165,000	15/11/01	20p	15/11/04	15/11/11
R W Stone	(E)	50,000	–	–	50,000	10/07/06	20p	10/07/09	10/07/16
R W Stone	(E)	50,000	–	–	50,000	10/07/06	20p	10/01/11	10/07/16
R W Stone	(E)	50,000	–	–	50,000	10/07/06	20p	10/07/12	10/07/16
R I Tolkien	(U)	100,000	–	–	100,000	21/3/03	12p	21/03/06	21/03/13
I P Wallace	(E)	138,889	–	138,889	–	15/11/01	20p	21/06/04	14/11/11
I P Wallace	(E)	200,000	–	–	200,000	15/11/01	20p	21/12/05	14/11/11
I P Wallace	(E)	11,111	–	–	11,111	15/11/01	20p	21/06/07	14/11/11
I P Wallace	(U)	207,778	–	–	207,778	15/11/01	20p	21/06/07	14/11/11
I P Wallace	(U)	200,000	–	–	200,000	21/03/03	12p	21/03/06	21/03/13
I P Wallace	(U)	200,000	–	–	200,000	21/03/03	12p	21/03/07	21/03/13
I P Wallace	(U)	200,000	–	–	200,000	21/03/03	12p	21/03/08	21/03/13
I P Wallace	(U)	61,111	–	–	61,111	19/03/07	36p	19/03/07	20/06/11
R W Stone	(E)	50,000	–	–	50,000	19/03/07	15p	19/03/10	19/03/17
R W Stone	(E)	50,000	–	–	50,000	19/03/07	15p	19/09/11	19/03/17
R W Stone	(E)	50,000	–	–	50,000	19/03/07	15p	19/03/13	19/03/17
I P Wallace	(E)	41,274	–	–	41,274	02/04/07	14.5p	02/04/10	02/04/17
R W Stone	(E)	38,295	–	–	38,295	02/04/07	14.5p	02/04/10	02/04/17
G D R Oldham	(U)	21,937	–	21,937	–	22/12/07	30p	22/12/07	22/12/17
I P Wallace	(E)	19,960	–	–	19,960	22/12/07	30p	22/12/10	22/12/17
R W Stone	(E)	18,973	–	–	18,973	22/12/07	30p	22/12/10	22/12/17
I P Wallace	(E)	–	28,473	–	28,473	15/05/08	27p	15/05/11	15/05/18
I P Wallace	(E)	–	250,000	–	250,000	15/05/08	14.5p	15/05/11	15/05/18
R W Stone	(E)	–	27,930	–	27,930	15/05/08	27p	15/05/11	15/05/18
R W Stone	(E)	–	250,000	–	250,000	15/05/08	14.5p	15/05/11	15/05/18
I P Wallace	(U)	–	19,850	–	19,850	22/12/08	24.5p	22/12/11	22/12/18
R W Stone	(U)	–	19,470	–	19,470	22/12/08	24.5p	22/12/11	22/12/18
Total		1,924,328	595,723	160,826	2,359,225				

(E) Share options granted under the Company's EMI share option scheme

(U) Share options granted under the Company's unapproved share option scheme

Options over 31,185 shares were granted to G D R Oldham on 15 May 2008 under the unapproved share option scheme and were exercised on 16 May 2008. The exercise price was 27 pence, being the market price on 15 May 2008. Options over 10,870 shares were granted to G D R Oldham on 22 December 2008 under the unapproved share option scheme and were exercised on 31 December 2008. The exercise price was 24.5 pence, being the market price on 22 December 2008.

The market price of the Company's ordinary shares at 31 December 2008 was 25.5 pence and their price had ranged from 22 pence to 37 pence during the financial year.

There are no performance conditions that have to be fulfilled before share options can be exercised.

Resolution

A resolution to shareholders to adopt the directors' remuneration report will be put forward at the Annual General Meeting.

Approved by the Board and signed on its behalf



Sir Martin Jacomb
Remuneration Committee Chairman
1 April 2009

Independent Auditors' report to the members of Share plc

We have audited the group and parent company financial statements (the 'financial statements') of Share plc for the year ended 31 December 2008 which comprise the Group Income Statement, the Group and Company Statements of Recognised Income and Expense, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and the related notes 1 to 34. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and the Business Review that is cross referred from the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, and Business Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2008;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP
Chartered Accountants and Registered Auditors
Bristol, United Kingdom
1 April 2009

Group income statement

For the year ended 31 December 2008	Notes	2008 £'000	2007 £'000
Revenue	5	11,973	11,721
Administrative expenses		(10,667)	(10,558)
Operating profit	7	1,306	1,163
Investment revenues	10	859	947
Other losses and gains	11	(55)	1,203
Non-recurring items – AIM costs		(655)	–
Profit before taxation		1,455	3,313
Taxation	12	(588)	(867)
Profit for the year		867	2,446
Basic earnings per share*	14	0.5p	1.5p
Diluted earnings per share*	14	0.5p	1.5p

All results are in respect of continuing operations.

* The directors consider that the underlying earnings per share as presented in note 14 represent a more consistent measure of the underlying performance of the business as this measure excludes 'Other gains and losses' and one-off items of income or expense.

Group statement of recognised income and expense

For the year ended 31 December 2008	Notes	2008 £'000	2007 £'000
(Losses)/gains on revaluation of available-for-sale investments taken to equity	24	(3,097)	1,492
Exchange gains on available-for-sale investments taken directly to equity		447	175
Gains on revaluation of derivative taken directly to equity		2,533	-
Tax on items taken directly to equity		33	(496)
Net income recognised directly in equity		(84)	1,171
Transfers			
Transferred to profit or loss on the sale of available-for-sale investments	24	-	(1,163)
Tax on transfers from equity		-	350
		(84)	358
Profit for the year		867	2,446
Total recognised income for the year		783	2,804
Attributable to equity shareholders		783	2,804

The Company has no recognised income or expense other than profit for the year. In 2008 this was £426,000 (2007: £2,358,000).

Group and Company balance sheets

At 31 December 2008	Notes	Group 2008 £'000	2007 £'000	Company 2008 £'000	2007 £'000
Non-current assets					
Intangible assets	15	52	68	-	-
Property, plant and equipment	16	102	156	-	-
Available-for-sale investments	17	2,722	5,373	-	-
Investment in subsidiaries	18	-	-	264	264
Deferred tax assets	21	155	178	-	-
		3,031	5,775	264	264
Current assets					
Trade and other receivables	19	6,669	5,717	163	150
Cash and cash equivalents	19	12,372	11,642	1,714	703
Derivative financial instruments	20	2,653	135	-	-
		21,694	17,494	1,877	853
Total assets		24,725	23,269	2,141	1,117
Current liabilities					
Trade and other payables	22	(5,709)	(5,456)	(276)	(257)
Current tax liabilities		(245)	(463)	-	-
		(5,954)	(5,919)	(276)	(257)
Net current assets		15,740	11,575	1,601	596
Non-current liabilities					
Deferred tax liabilities	21	(1,479)	(1,454)	-	-
Total liabilities		(7,433)	(7,373)	(276)	(257)
Net assets		17,292	15,896	1,865	860
Equity					
Share capital	23	801	779	801	779
Capital redemption reserve	25	19	19	19	19
Share premium account	27	931	29	931	29
Employee benefit reserve	26	(535)	(439)	-	-
Retained earnings	28	12,878	11,893	114	33
Revaluation reserve	24	3,198	3,615	-	-
Equity shareholders' funds		17,292	15,896	1,865	860

These financial statements were approved by the Board and authorised for issue on 1 April 2009.

Martin G. Jacomb

Sir Martin Jacomb

Group and Company cash flow statements

For the year ended 31 December 2008

	Notes	Group 2008 £'000	2007 £'000	Company 2008 £'000	2007 £'000
Net cash from operating activities	29	(874)	236	(1,285)	(272)
Investing activities					
Interest received		698	811	72	41
Dividend received from trading investments		161	137	-	-
Proceeds on disposal of available-for-sale investments		-	1,163	-	-
Purchase of property, plant and equipment		(19)	(47)	-	-
Purchase of derivative financial instrument		-	(95)	-	-
Net cash received from investing activities		840	1,969	72	41
Financing activities					
Equity dividends received		-	-	1,489	2,602
Equity dividends paid		(316)	(1,851)	(320)	(1,884)
Share capital redemption		-	(765)	-	(765)
Capital contribution to subsidiary company		-	-	(25)	(90)
Issue of new shares		1,080	-	1,080	-
Net cash from/(used in) financing		764	(2,616)	2,224	(137)
Net increase/(decrease) in cash and cash equivalents		730	(411)	1,011	(368)
Cash and cash equivalents at the beginning of the year		11,642	12,053	703	1,071
Cash and cash equivalents at the end of the year		12,372	11,642	1,714	703

Notes to the financial statements

1 General information

Share plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Oxford House, Oxford Road, Aylesbury, Buckinghamshire, HP21 8SZ. The nature of the Group's operations and its principal activities are set out in the Business Review.

The financial statements are presented in pounds Sterling which is the currency of the primary economic environment in which the Group operates.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB (together 'IFRS') as endorsed by the European Union, for the first time. The Company's financial statements have been prepared on the same basis and as permitted by Section 230(3) of the Companies Act 1985, no income statement is presented for the Company. Of the consolidated profit for the financial year, a profit of £426,000 (2007: £2,358,000) before the payment of dividend distributions, has been dealt with in the financial statements of the Company.

In the current year, one interpretation issued by the IFRIC and relevant to the Group's activities is effective for the current period. This is: IFRIC 11 IFRS 2 – Group and Treasury Share Transactions. The adoption of this interpretation has not led to any changes in the Group's accounting policies.

At the date of authorisation of these financial statements, the following standards and interpretations, relevant to the Group's activities, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 1 (amended) / IAS 27 (amended) Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

IFRS 2 (amended) Share-based Payment – Vesting Conditions and Cancellations

IFRS 8 Operating Segments

IAS 1 (revised 2007) Presentation of Financial Statements

IAS 27 (revised 2008) Consolidated and Separate Financial Statements

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group except for additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009.

The consolidated financial statements of the Group have been prepared on a going concern basis as detailed in the Directors' Report.

3 Accounting policies

Basis of consolidation

The Group accounts consolidate the financial statements of the Company and its subsidiaries, the Share Centre Limited, the Share Centre (Administration Services) Limited, the Shareholder Limited, and Sharefunds Limited, which all make up their annual financial statements to 31 December. Other subsidiaries are not included in the consolidation as they are not trading and are not material to the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and any other sales related taxes.

Revenue is recognised on an accruals basis and primarily comprises dealing commissions, interest income on client money and fees earned in the provision of broking and custodian services.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established, typically on cash receipt.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Any benefits received or receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Notes to the financial statements (continued)

Foreign currencies

The consolidated and individual financial statements of each Group company are presented in pounds Sterling, which is the currency of the primary economic environment in which they operate. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Income and expense items are translated into Sterling at the prevailing exchange rate on the date of the transaction.

Exchange differences are recognised in profit or loss in the period in which they arise.

Operating profit

Operating profit is stated before investment income and any other gains or losses which arise in respect of the available-for-sale investments held by the Group.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Motor vehicles, computer hardware, fixtures and equipment 25%

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible fixed assets

The Group's investment in the share.com domain name is stated at cost and is amortised over 10 years on a straight-line basis from the year of completion of the transaction purchase.

Investments in subsidiaries

Fixed asset investments in subsidiaries are shown at cost less provision for any impairment.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible assets with an indefinite useful life are tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: Financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Listed and unlisted shares held by the Group are classified as being AFS and are stated at their fair value. Fair value is determined in the manner described in note 19. Gains and losses arising from changes in fair value are recognised directly in equity in the investments' revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments' revaluation reserve is included in the profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised directly in equity.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included as debtors.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For shares classified as AFS, a significant or prolonged decline in fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty
- Default or delinquency in interest or principal payments, and
- It becoming probable that the borrower will enter bankruptcy or financial reorganisation.

Notes to the financial statements (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Included within cash balances are amounts held on client settlement accounts as shown in note 19.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

The Group has no financial liabilities 'at FVTPL'. 'Other financial liabilities', including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Trade payables

Trade payables are measured at fair value. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included as creditors.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

Derivative financial instruments are used solely by the Group to reduce or eliminate exposure to interest rate risks. Further details of derivative financial instruments are disclosed in notes 19 and 20 to the financial statements. From 1 October 2008 the intrinsic value of the derivative contract has been designated a cash flow hedge and the time value is treated as fair value through profit and loss. See hedge accounting policy below.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2006.

The Group issues equity-settled share-based payments to certain employees. Equity share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using the Black-Scholes model. Details of the Group's share-based payments are disclosed in Note 31 to these financial statements.

Purchase of shares for Employee Benefit Trust

During the year, the Group acquired a number of shares in Share plc, which are held by Sharesecure Ltd, a trustee provider, 100% owned by Share plc. This purchase was made to meet potential obligations arising from the issue of share options made to employees. The original cost of investment has been deducted in arriving at shareholders' funds (the amounts are shown in a separate reserve, called 'Employee Benefit Reserve').

Pension scheme

If requested, the Group contributes 8% of the employee's gross salary to a defined contribution pension scheme of the employee's choice. Contributions are charged to the income statement as they become payable. The assets of these schemes are held separately from those of the Group in independently administered funds belonging to the relevant employees.

Balances with clients and counterparties

In accordance with market practice, certain balances with clients, Stock Exchange member firms and settlement offices are included in debtors and creditors gross for their unsettled bought and sold transactions respectively.

Hedge accounting

The Group has an interest rate floor policy, the intrinsic value element of which was designated as a cash flow hedge in line with IAS 39 on 1 October 2008. Prior to that date movements in the fair value of the policy were taken through the income statement. Subsequent to 1 October 2008 the movements in the fair value of the time value element of the policy have continued to pass through the income statement. The fair value of the intrinsic element of the policy and movements in that fair value are taken through equity. The revaluation reserve established in equity in respect of the interest rate floor policy is recycled to the income statement as cash payments are received from the policy.

The single cash flow hedge is a hedge against the variability of interest income receivable on £90 million at 3.5% relative to base rate – 3.5% being the notional interest margin the Group makes on client money balances. The hedging instrument is the intrinsic value element of the interest rate floor policy as described above. Given the matching nature of the terms of the hedged item and the hedged instrument, the hedge has been assessed as being 100% effective as measured using the 'changes in fair value' methodology and undertaking prospective and retrospective testing.

The cash flows on the hedged item and the hedged instrument are expected to be received monthly through to 1 November 2010. The receipt of interest income at 3.5% on £90 million of principal up to November 2010 is deemed to be a highly probable future transaction given client money balances in excess of £90 million.

During the period, a total of £134,000 was reclassified from equity to the income statement within revenues. This represents the value of cash received from the interest rate floor policy in November and December 2008. A total of £2,533,000 has been recognised in equity, being the fair value of the hedged instrument.

Notes to the financial statements (continued)

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Allowance for bad debts

The Group makes a provision for the element of fees which it believes will not be recovered from customers. This is based on past experience and detailed analysis of the outstanding fees position particularly with regard to the value of customers' portfolios relative to the fees owed.

Fair value of investments

The Group currently holds investments in the London Stock Exchange plc and Euroclear plc. These are held as available-for-sale financial assets and are measured at fair value at the balance sheet date. London Stock Exchange plc shares trade in an active market and the fair value is readily determined by market price. The Euroclear plc shares do not trade in an active market and therefore a view is formed as to fair value based on the most recently traded price and the net asset value of the business adjusted for liquidity considerations.

Fair value of derivative financial instruments

The Group has a single derivative financial instrument. Its fair value is determined by reference to the valuation provided by the counterparty to the policy. This is considered an appropriate third party valuation. Given the Government support for the banking sector there is not considered to be any material counterparty risk in respect of the policy which would affect its fair value.

Share-based payments

The Company's shares have been traded on Sharemark since 2000 and AIM since May 2008. This provides a market price to help determine the fair value of equity-settled share-based payments but, in addition to this, estimations are made as to price volatility, risk free interest rate and expected life. These estimations enable the Black-Scholes model to then be used to determine the fair value of these equity-settled share-based payments.

Impairment

The assets on the balance sheet are reviewed for any indications of impairment. This is done with reference to the recoverability and market value of the assets concerned but may involve an element of judgement or estimation in determining whether there are any indications of impairment and the extent of any impairment loss.

5 Revenue

An analysis of the Group's revenue is as follows:

	2008	2007
	£'000	£'000
Commission income	3,194	3,699
Fee income	4,638	5,140
Interest income on customer deposits	4,141	2,882
	11,973	11,721

6 Business and geographical segments

The Group currently operates in only one business segment, being the provision of stock-broking and custodian services. As the business only operates in this one segment, no additional business segmental analysis has been shown. In addition, all activities of the Group are located within the UK and therefore the Group operates in a single geographic segment and no additional geographic segmental analysis has been shown.

7 Operating profit

Operating profit for the year has been arrived at after charging:	2008	2007
	£'000	£'000
Depreciation of property, plant and equipment	73	75
Amortisation of intangible assets (see note 15)	16	16
Staff costs (see note 8)	5,161	4,793
Operating lease rentals – property	384	384
Operating lease rentals - other	57	76

Auditors' remuneration

The analysis of auditors' remuneration is as follows:	2008	2007
	£'000	£'000
Audit fees: Fees payable to the Group's auditors for the audit of the Group's annual accounts and those of its subsidiaries	71	60
Fees payable to the Group's auditors for other services to the Group		
Tax services	34	24
Other corporate finance services	175	33
Total non-audit fees	209	57

The fees payable to the Company's auditors for the audit of the Company's annual accounts amount to £16,000 (2007: £16,000). Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

8 Group staff costs

	2008	2007
	Number	Number
The average number of employees of the Group (including executive directors) was:		
Operating and support functions	89	88
Administrative and systems related functions	33	32
	122	120
	2008	2007
	£'000	£'000
Staff costs during the year (including non-executive directors)		
Wages and salaries	3,951	3,564
Profit sharing bonus	291	477
Social security costs	404	424
Pension costs	259	230
Share-based payments	256	98
	5,161	4,793

It should be noted that the Company itself does not have any employees.

Notes to the financial statements (continued)

9 Directors

Detailed information concerning directors' emoluments and share options is disclosed in the directors' remuneration report.

10 Investment revenues

	2008 £'000	2007 £'000
Interest on bank deposits	698	810
Dividends from equity investments	161	137
	859	947

Investment revenues earned on financial assets, by category of asset, is as follows:

	2008 £'000	2007 £'000
Loans and receivables (including cash and bank balances)	698	810
Available-for-sale financial assets	161	137
	859	947

11 Other losses and gains

	2008 £'000	2007 £'000
(Decrease)/increase in the fair value of investments held at year end	(15)	40
Excess on insurance policy	(40)	–
Profit on disposal of available-for-sale investments	–	1,163
	(55)	1,203

12 Taxation

	2008 £'000	2007 £'000
Current taxation	(585)	(891)
Deferred taxation	(3)	24
	(588)	(867)

The rate of corporation tax changed in April 2008 from 30% to 28%. For the year ended 31 December 2008 corporation tax is therefore calculated at a blended rate of 28.5 per cent (2007: 30 per cent) of the estimated assessable profit for the year.

The tax assessed for the current year can be reconciled to the profit per the income statement as follows:	2008 £'000	2007 £'000
Profit before taxation	1,455	3,313
Tax at 28.5% (2007: 30%)	(415)	(994)
Effects of		
Items not deductible for tax purposes	(157)	86
Rate change	-	3
UK dividend income	12	22
Rate differences on current tax	7	16
Share-based payments	(35)	-
	(588)	(867)

In addition to the amount charged to the income statement, deferred tax relating to the revaluation of the Group's investments amounting to £44,000 has been charged directly to equity.

13 Dividends

	2008 £'000	2007 £'000
Amounts recognised as distributions to equity holders in the period		
Final dividend paid in 2008 of 0.20 pence per ordinary share (2007: 0.18 pence)	320	288
No special dividend in the year (2007: 1.00 pence per ordinary share)	-	1,596
Less amount received on shares held via ESOP	(4)	(33)
	316	1,851

A final dividend of 0.22 pence per 0.5 pence ordinary share has been proposed for the 2008 financial year to be paid in 2009. This would amount to a gross dividend payment of £352,000 given the current share capital. This proposed final dividend is subject to approval at the Annual General Meeting and has not therefore been included as a liability in these financial statements.

Notes to the financial statements (continued)

14 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming conversion of all potential dilutive ordinary shares. The potential ordinary shares consist of those share options and warrants where the exercise price is less than the average price of the Company's ordinary shares during the year, and convertible loan notes. The calculation results in a difference of only a small fraction of a penny, which is eliminated altogether in roundings.

Underlying basic and diluted earnings per share are calculated as for basic and diluted earnings per share but using an adjusted earnings figure before any one-off gains, losses, income or expense. The main adjustment in 2007 was in respect of 'other gains' which arose on the disposal of London Stock Exchange plc shares during the year. In 2008 the main adjustment is in respect of 'non-recurring expense' related to the AIM admission process which was completed successfully in May 2008. The directors consider that the underlying earnings per share represent a more consistent measure of the underlying performance of the Group.

Earnings	2008 £'000	2007 £'000
Earnings for the purpose of basic and diluted earnings per share, being net profit attributable to equity holders of the parent company	867	2,446
Other gains and losses	55	(1,203)
Non-recurring expense – AIM costs	655	–
Share-based payments	256	98
Profit share impact of the above adjustments	(63)	132
Taxation impact of the above adjustments	(70)	292
Earnings for the purposes of underlying basic and diluted earnings per share	1,700	1,765

Number of shares	Number (000s)	Number (000s)
Weighted average number of ordinary shares	160,857	161,440
Non vested shares held by employee share ownership trust	(2,537)	(2,374)
Basic earnings per share denominator	158,320	159,066
Effect of potential dilutive share options	1,252	522
Diluted earnings per share denominator	159,572	159,588
Basic earnings per share (pence)	0.5	1.5
Diluted earnings per share (pence)	0.5	1.5
Underlying basic earnings per share (pence)	1.1	1.1
Underlying diluted earnings per share (pence)	1.1	1.1

15 Intangible assets

The Group

share.com domain name
£'000

Cost

At 1 January 2007, 1 January 2008 and 31 December 2008 164

Accumulated amortisation

At 1 January 2007 80

Charge for the year 16

At 1 January 2008 96

Charge for the year 16

At 31 December 2008 112

Net book value

At 31 December 2008 52

At 31 December 2007 68

16 Property, plant and equipment

The Group

Motor vehicles £'000	Computer hardware £'000	Fixtures and equipment £'000	Total £'000
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Cost

At 1 January 2007	12	237	56	305
Additions	–	46	1	47
At 1 January 2008	12	283	57	352
Additions	–	14	5	19
At 31 December 2008	12	297	62	371

Accumulated depreciation

At 1 January 2007	10	97	14	121
Charge for the year	2	59	14	75
At 1 January 2008	12	156	28	196
Charge for the year	–	58	15	73
At 31 December 2008	12	214	43	269

Net book value

At 31 December 2008	–	83	19	102
At 31 December 2007	–	127	29	156

Notes to the financial statements (continued)

17 Available-for-sale investments

The Group	2008 £'000	2007 £'000
Unlisted investment at fair value	1,802	1,908
Listed investment at fair value	920	3,465
	2,722	5,373

All investments held by the Group have been classified as available-for-sale. These available-for-sale assets have been included at fair value where a fair value can be reliably calculated, with the revaluation gains and losses reflected in the investment revaluation reserve as shown in note 24, until sale when the cumulative gain or loss is transferred to the income statement.

Euroclear plc ("Euroclear")

The unlisted investment comprises 6,030 shares in Euroclear plc of one Euro each. These shares have a historical cost of £217,390 representing the investment made in Crest Co. Ltd, which was acquired by Euroclear during 2002. As at 31 December 2008, each share has an estimated fair value of £299.02 (2007: £316.39) based on the last traded price within the Euroclear bulletin board system and an analysis of Euroclear's net assets as shown in their published financial information for the first three quarters of 2008.

London Stock Exchange plc ("LSE")

The Group was also the beneficial owner of 175,000 (2007: 175,000) LSE ordinary shares of 5p each which have a fair value of £5.26 each based on the traded market price as at 31 December 2008 (2007: £19.80).

18 Subsidiaries

The Company	2008 £'000	2007 £'000
Shares in subsidiaries	264	264

The Company has investments in the following subsidiary undertakings:

Subsidiary undertaking	Principal activity	Proportion of ordinary shares held by the Company
The Share Centre Limited	Retail stock broking	100%
The Share Centre (Administration Services) Limited	Administration services	100%
The Shareholder Limited	Publishing/mail order	100%
Share Nominees Limited	Bare trustee nominee ¹	100% ²
Stock Academy Nominees Limited	Bare trustee nominee ¹	100% ²
Sharesecure Limited	Bare trustee ¹	100%
Personal Retirement Account Limited	Dormant ¹	100%
Sharemark Limited	Share trading market ¹	100%
Sharefunds Limited	OEIC Authorised Corporate Director	100%

¹ Subsidiaries not included in consolidation other than at cost in investments as the companies are not trading and are not material to the Group

² Ordinary shares held by The Share Centre Limited

All the above companies are registered and incorporated in England and Wales.

19 Other financial assets

Trade and other receivables	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Gross amounts receivable	4,699	3,651	–	–
Allowance for doubtful debts	(131)	(154)	–	–
	4,568	3,497	–	–
Amounts owed by Group undertakings:				
By subsidiaries due in over one year	–	–	163	150
Other debtors	84	53	–	–
Prepayments and accrued income	2,017	2,167	–	–
	6,669	5,717	163	150

Trade receivables are measured at initial recognition at fair value. These principally represent unsettled customer trades with our market counterparties. No provision is considered necessary in respect of amounts outstanding from market counterparties. In respect of non-counterparty amounts included within trade receivables, appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the value of the asset is impaired.

Included in the Group's trade receivable balance are debtors with a carrying amount of £608,000 (2007: £519,000) which are past due date at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The largest element of these balances is in respect of fees due from customers and those customers have sufficient asset values on their accounts to cover the fees due.

Ageing of past due but not impaired trade receivables	2008	2007
	£'000	£'000
0-90 days	132	218
90-180 days	87	78
180+ days	389	223
Balance at the end of the period	608	519

Movement in the allowance for doubtful debts	2008	2007
	£'000	£'000
Balance at the beginning of the period	154	258
Impairment losses recognised	62	147
Amounts written off as uncollectable	(7)	(3)
Impairment losses reversed	(78)	(248)
Balance at the end of the period	131	154

In determining the recoverability of trade receivables the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. In respect of balances due from customers, the principal consideration is the customers' asset holdings relative to any fees owed. The concentration of credit risk in respect of customer balances is limited due to the customer base being large and unrelated. The credit risk related to market counterparties is limited due to the regulated nature of those counterparties and the stock held against the balances due in respect of unsettled sales. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Notes to the financial statements (continued)

Ageing of impaired trade receivables	2008 £'000	2007 £'000
0-90 days	13	14
90-180 days	10	13
180+ days	108	127
Balance at the end of the period	131	154

Cash and cash equivalents	Group 2008 £'000	2007 £'000	Company 2008 £'000	2007 £'000
Cash and cash equivalents	11,781	10,538	1,714	703
Cash held on trust for clients (a)	591	1,104	-	-
	12,372	11,642	1,714	703

Cash and cash equivalents comprise cash held by the Group with major banks with instant or short-term access.

(a) This amount is held by The Share Centre Limited in trust on behalf of clients but may be used to complete settlement of outstanding bargains and dividends due.

At 31 December 2008 segregated deposit amounts held by the Group on behalf of clients in accordance with the client money rules of the Financial Services Authority amounted to £99,188,000 (2007: £94,885,000). The Group has no beneficial interest in these deposits and accordingly they are not included in the balance sheet.

With regard to the maturity of non-derivative financial assets, the non-derivative financial assets held by the Group amount to trade receivables as detailed above, cash and cash equivalents as detailed above and equity investments in London Stock Exchange plc and Euroclear plc shares. The equity investments are classified as available-for-sale and will be realised when economic conditions are appropriate and the directors consider it to be in the best interests of the Group.

Financial risk management

The Group maintains a risk averse attitude and the principal assets of the Group are cash balances held with major banks and investments in the London Stock Exchange plc and Euroclear plc. The Group conducts regular reviews of capital adequacy, cash flow and general financial performance as part of its ongoing risk management framework and as part of meeting its regulatory obligations in particular under the Capital Requirements Directive (CRD) and FSA rules. The Group uses financial derivatives to minimise or mitigate its exposure to interest rate risk as detailed below.

Foreign currency risk management

The Group's principal trading entity, The Share Centre Limited, trades investments in equities and funds on behalf of its customers. The Company operates such that all those investments are Sterling denominated and all fees and amounts receivable are denominated and payable in Sterling. The Group only operates in the UK and all suppliers are UK based with amounts payable in Sterling. As such the Group has no trading exposure to foreign currency risk.

The Group does hold 6,030 shares in Euroclear plc. These shares are denominated in Euros and as such the Group is exposed to an element of foreign exchange risk in respect of the impact of currency movement on the value of this investment. Dividend income received in respect of this investment in Euros is not material and the Group does not hedge any of the exposure in respect of this investment.

Foreign currency sensitivity analysis

The Group only has an exposure to movements in Sterling relative to the Euro in respect of the investment in Euroclear plc which is Euro denominated. If there were a 10% move in the value of Sterling against the Euro then the value of this investment would move by 10%, or c.£180,000 based on the year end valuation.

Interest rate risk

The Group has no external borrowings and is not exposed to interest rate or refinancing risk in this regard. The Group does hold client money balances (cash held on behalf of customers) and earns interest on those balances which forms a significant part of the Group's revenues. The interest paid to customers is typically the base rate less 3.5%. As such, the Group's revenue in this regard is effectively fixed at 3.5% of the client money balances as it is unaffected by movements in interest rates unless rates fall below 3.5%.

The Group has a financial derivative policy to protect interest income, guaranteeing the Group interest income of 3.5% on £90 million in the

event that base rates fall below 3.5%. To the extent that the Group uses three month term deposits for holding client money the Group is exposed to the variability of LIBOR rates relative to base rates and will experience a lag in the impact of any changes. Assuming base rates and LIBOR move in parallel, the use of three month deposits would result in a difference in interest income, and therefore revenue, of c.£60,000 as compared to circumstances where a change in rates immediately affected the rates earned.

The Group uses current accounts and short-term money market deposits for all its own cash and its client money. These monies are currently split between three institutions – Bank of Scotland, HSBC and Clydesdale Bank – and all client monies are maintained in customer trust status bank accounts separate from the Group's own funds in accordance with the FSA's client money rules.

The Group is also subject to interest rate risk in respect of its own principal cash balances. These balances earn interest at the prevailing rate and the income is disclosed in the income statement under investment revenues.

Interest rate sensitivity

The direct link between the bank base rate and the interest rate paid to customers means that the Group's interest income from client money balances is not sensitive to interest rate movements either up or down. As base rate has fallen below 3.5% the Group's interest rate floor policy has been triggered to protect the Group's interest income in this regard.

The interest income on its own principal balances is, though, affected by changes in interest rates. Given the cash balances at the year end a 0.5% movement in interest rates would impact investment income by £62,000 per annum. This impact, after taking into account the corresponding increase/decrease in the Group's tax charge, would lead to a change in retained profit for the year.

Liquidity risk

The Group actively maintains cash balances on short-term deposits such that it has sufficient funds available for operations. The investments the Group has on its balance sheet are in London Stock Exchange plc and Euroclear plc shares. London Stock Exchange plc shares are actively traded and relatively liquid. Euroclear plc shares are not actively traded and their illiquidity is considered in assessing their fair value. Given the overall levels and mix of cash and investments the Group is not exposed to any significant liquidity risk.

Credit risk

The Group has a large and diverse customer base such that there is no concentration of credit risk. Customers can only trade with available funds or stock in their account and this limits any exposure to credit risk in this regard. An allowance is made against amounts owed to the Group where there is insufficient value of stock within a customer account to cover any fees due. Amounts shown on the balance sheet are net of this allowance.

The majority (59%) of trade receivables are funds due from other financial institutions in settlement of trades. The credit risk in this respect is therefore considered to be limited. Credit risk within the Group's business is further minimised by the collateral held within the Group's nominee company.

Cash is predominantly held with Bank of Scotland, Clydesdale Bank and HSBC all within the UK. The Board has only sanctioned use of banks with high credit ratings assigned by international agencies and, because of this policy and the nature of the banking counterparties used, credit risk on these liquid funds is limited. The Group regularly reviews the banks it uses and their respective credit ratings including frequent discussion by the Board. In line with the FSA's guidance on client money the diversification of deposits is also considered in this review process.

Equity price risk

The Group is exposed to equity security price risk in respect of the investments it holds on its balance sheet – namely London Stock Exchange plc and Euroclear plc shares.

A significant proportion (25%) of the Group's revenues is derived from fees which are charged to customers based on the value of their holdings. Through this fee charging structure the Group is also exposed to an element of security price risk on the investments held by customers. More generally a significant reduction in equity values and a consequent or concurrent reduction in investor dealing activity would have a potentially significant impact on the Group's financial performance.

Equity price sensitivity analysis

If equity prices had been 10% higher/lower during 2008 then the net profit after tax of the Group would have been £220,000 (2007: £255,000) higher/lower as a result of the impact of those higher/lower equity prices on customer portfolio valuations and therefore on ad valorem fees charged by the Group.

In addition, the fair value of the Group's investments in the London Stock Exchange plc and Euroclear plc may have been similarly affected although such changes would have impacted shareholders' funds through the revaluation reserve rather than the income statement.

Carrying amounts and fair values

Market values have been used to determine the fair values of cash and cash equivalents as well as for available-for-sale financial assets. For those equity investments which do not have a quoted market price in an active market, fair value has been determined by reference to the last available traded price and a comparison with the net asset value per share and other similar metrics, making allowances where appropriate for any illiquidity.

Notes to the financial statements (continued)

20 Derivative financial instruments

The Group	2008 £'000	2007 £'000
Held for trading derivatives that are not designated in hedge accounting relationships:		
Interest rate floor policy – time value	120	135
Financial assets carried at fair value designated in a hedge accounting relationship:		
Interest rate floor policy – intrinsic value	2,533	–
Total policy value	2,653	135

The derivative financial instrument has a three year life and is therefore valid until November 2010. Further details of interest rate risk and the financial derivative instrument held by the Group are disclosed in note 19.

21 Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior period.

	Share-based payments £'000	Accelerated tax depreciation £'000	Revaluation of financial assets £'000	Total £'000
As at 1 January 2007	–	69	(1,406)	(1,337)
(Charge) / credit to income	27	(13)	–	14
Recycled from equity to income	–	–	350	350
(Charge) / credit to equity	95	–	(398)	(303)
As at 1 January 2008	122	56	(1,454)	(1,276)
(Charge) / credit to income	–	(7)	4	(3)
Recycled from equity to income	(12)	–	–	(12)
(Charge) / credit to equity	(77)	–	44	(33)
As at 31 December 2008	33	49	(1,406)	(1,324)

22 Trade and other payables

	Group 2008 £'000	2007 £'000	Company 2008 £'000	2007 £'000
Trade creditors	4,118	3,517	–	–
Amount owed to group companies	–	–	195	198
Other taxation and social security	160	160	–	–
Accruals and deferred income	951	1,352	81	59
Other creditors	480	427	–	–
	5,709	5,456	276	257

23 Called up share capital

The Group and Company – Ordinary shares of 0.5p each

	Number	2008 £'000	Number	2007 £'000
Authorised	296,175,000	1,481	296,175,000	1,481
Allotted, called up and fully paid	160,225,328	801	155,804,728	779

The allotted, called up and fully paid share capital increased following the Offer for Subscription undertaken in May 2008 in which 4,000,000 shares were issued, and the issue of free shares to customers during the year.

24 Revaluation reserve - Group

	2008 £'000	2007 £'000
Balance at 1 January	3,615	3,285
(Decrease)/increase in fair value of available-for-sale investments	(3,097)	1,492
Deferred tax effect of decrease/increase in fair value of available-for-sale investments	879	(447)
Increase in fair value of cash flow hedge taken to equity	2,533	–
Deferred tax impact of increase in fair value of cash flow hedge	(732)	–
Disposal of available-for-sale investments	–	(1,163)
Tax on disposal of available-for-sale investments	–	350
Deferred tax impact of change in tax rate from 30% to 28%	–	98
Balance at 31 December	3,198	3,615

25 Capital redemption reserve – Group and Company

	2008 £'000	2007 £'000
Balance at 1 January	19	–
Repurchase and cancellation of 3,825,000 0.5p ordinary shares	–	19
Balance at 31 December	19	19

In December 2007 the Company repurchased and cancelled a total of 3,825,000 shares as shown in note 28.

Notes to the financial statements (continued)

26 Employee benefit reserve - Group

	2008 £'000	2007 £'000
Balance at 1 January	(439)	(416)
Purchase of ESOP shares	(300)	(273)
Sale of ESOP shares	115	74
Transfer to retained earnings on the sale of ESOP shares	(3)	(14)
Cost of matching and free shares in the Share Incentive Plan	92	190
Balance at 31 December	(535)	(439)

As explained in Note 3, the employee benefit reserve represents shares in Share plc purchased by Sharesecure Ltd. Sharesecure Limited is a trustee of two employee benefit trusts which are used to purchase shares to meet potential obligations arising from the issue of share options made to directors and employees, and to meet requirements arising from the issue of matching and partnership shares under the Share Incentive Plan. The number of shares held at the year end were as follows:

	2008		2007	
	Number	Average purchase price (pence)	Number	Average purchase price(pence)
Ordinary shares of 0.5p each	2,537,202	20.8	2,356,233	18.6

During the year the employee benefit trusts purchased or received back from leaving employees a total of 1,126,580 Ordinary 0.5p shares. 945,611 shares were sold by the employee benefit trusts or allocated to employees by way of matching shares or free shares. The shares purchased had a total consideration of £337,086.

27 Share premium account – Group and Company

	2008 £'000	2007 £'000
Balance at 1 January	29	29
Arising on the issue of 4,000,000 new shares in May 2008	1,060	–
Capitalisation of costs related to AIM admission	(269)	–
Issue of free shares to customers	111	–
Balance at 31 December	931	29

28 Retained earnings

Group	2008 £'000	2007 £'000
Balance at 1 January	11,893	11,920
Repurchase of 3,825,000 shares at 20p each	–	(765)
Retained profit for the period	867	2,446
Dividends paid	(316)	(1,851)
Credit to equity for equity-settled share-based payments	256	98
Transfer from employee benefit reserve on sale of ESOP shares	3	14
Cost of matching and free shares in the Share Incentive Plan	(92)	(190)
Deferred tax on share-based payments	(77)	95
Exchange gains on available-for-sale investments	447	175
Deferred tax on exchange gains on available-for-sale investments	(114)	(49)
Other deferred tax movements	11	–
Balance at 31 December	12,878	11,893

Company	2008 £'000	2007 £'000
Balance at 1 January	33	414
Repurchase of 3,825,000 shares at 20p each	–	(765)
Capital contribution to Sharefunds Limited	(25)	(90)
Dividends paid	(320)	(1,884)
Retained profit for the year	426	2,358
Balance at 31 December	114	33

Notes to the financial statements (continued)

29 Notes to the cash flow statements

	Group 2008 £'000	2007 £'000	Company 2008 £'000	2007 £'000
Operating profit / (loss)	1,306	1,163	(522)	(285)
AIM costs paid	(924)	–	(882)	–
Other losses	(132)	(118)	–	–
Depreciation of property, plant and equipment	73	75	–	–
Amortisation of intangible assets	16	16	–	–
Share-based payments	277	18	113	–
Operating cash flows before movement in working capital	616	1,154	(1,291)	(285)
(Increase)/decrease in receivables	(953)	506	(13)	–
Increase/(decrease) in payables	253	(454)	19	13
Cash generated by operations	(84)	1,206	(1,285)	(272)
Income taxes paid	(790)	(970)	–	–
Net cash from operating activities	(874)	236	(1,285)	(272)

30 Operating lease arrangements

At the balance sheet date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2008 Land and buildings £'000	Other £'000	2007 Land and buildings £'000	Other £'000
Within one year	32	6	–	10
One to five years	–	23	80	33
Over five years	2,683	–	1,450	–
Total	2,715	29	1,530	43

Operating lease payments principally represent rentals payable by the Group for its office premises. The current lease runs until 2016. The commitments above are the minimum non-cancellable payments due. The Company has no commitments under operating leases (2007: None).

31 Share-based payments

The Group operates an Enterprise Management Incentive (EMI) approved share option scheme which enables the regular granting of share options at six monthly intervals and discretionary grants to senior managers and directors as deemed appropriate by the Board Remuneration Committee. In addition, the Group has an Approved Share Option Scheme and an Unapproved Share Option Scheme. With the exception of some options granted under the unapproved share option scheme, the vesting period for options is three years and they all expire 10 years after the date of grant.

Details of the share options outstanding during the year are as follows:	2008		2007	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at the beginning of the year	4,272,308	18.2	3,831,093	16.2
Granted during the year	2,362,578	18.6	1,040,518	22.7
Exercised during the year	(285,401)	19.6	(286,589)	10.7
Expired or forfeited during the year	(324,751)	19.5	(312,714)	15.7
Outstanding at the end of the year	6,024,734	18.2	4,272,308	18.2
Exercisable at the end of the year	2,359,026	15.8	2,286,391	16.3

The weighted average market share price at the date of exercise for options exercised during 2008 was 35.0 pence (2007: 27.8 pence). The share options outstanding at the end of the year, their exercise prices and contractual lives are as detailed in note 32.

The Group has applied the requirements of IFRS 2 in respect of share-based payments. During the year ended 31 December 2008, the Group made four equity-settled share-based payments to staff. These payments were made under the Group's Enterprise Management Incentive (EMI) approved share option scheme with the exception of options over 81,375 shares which were granted under the unapproved share option scheme. In all cases there are no performance conditions attached to the options. In all cases, except the options granted at a discount on 15 May 2008 as part of the AIM admission process, all options have been granted with an exercise price equal to market value – being the closing mid-price on the day prior to grant.

A fair value has been determined for each grant made during the year using the Black-Scholes model. The main assumptions are as follows:

Grant date	15 May 2008	15 May 2008	22 June 2008	22 December 2008
Share price at date of grant	27p	27p	30.5p	24.5p
Exercise price	14.5p	27p	30.5p	24.5p
Risk free interest rate	5.0%	5.0%	5.0%	2.0%
Dividend yield	1%	1%	1%	1%
Volatility	30%	30%	30%	30%
Average maturity at exercise	5 years	5 years	5 years	5 years
Fair value per option	14.9p	8.7p	9.8p	6.5p

In addition, the Group operates a Share Incentive Plan (SIP). This scheme is open to all employees and allows them to allocate up to £1,500 per annum of their pre-tax salary to purchase shares in Share plc through a partnership scheme without paying National Insurance contributions or Income Tax. For every share purchased through the partnership scheme, The Share Centre Limited purchases two matching shares. The employee must remain in employment for three years from the date of purchase of the partnership shares in order to qualify for the corresponding matching shares and in order for those shares to be transferred to them tax-free. The employee retains rights over both their own shares and the matching shares, receives dividends and is able to vote at meetings once the shares are purchased.

The fair value for those shares given as matching shares under the arrangements of the SIP has been determined by the market price, as determined by the previous Sharemark auction or, once admitted to AIM, the closing mid-price on AIM, at the date of purchase. This has ranged from 24p to 36.5p during 2008. The cost is then applied over three years, being the qualifying period during which the employee must remain in employment with the Group.

In addition, the SIP enables the Group to grant employees free shares with a value of up to £3,000 per eligible employee per annum. On 21 December 2007, the Group granted 606,690 shares to employees based on a formula taking into account length of service and salary; grants ranged in value from £929 to £3,000. The cost of these free shares has been treated in the same way as for matching shares with that cost applied over three years, being the qualifying period during which the employee must remain in employment with the Group.

Notes to the financial statements (continued)

It is Group policy that, where possible, shares to settle the SIP and the share options issued will be purchased in the market rather than issued as new shares.

The total expense for equity-settled share-based payments for the Group in 2008 was £430,000 (2007: £342,000) which is then applied across the three years to vesting date. An adjustment is made to this figure in respect of members of staff to whom options and shares have been granted but who have left the Group's employ during the vesting period. The net charge for 2008 is £256,000 (2007: £98,000).

32 Share options

At 31 December 2008 the following share options to subscribe for ordinary shares were outstanding:

First date	Last date	Exercise price Pence	Unapproved share option scheme Number	Approved share option scheme Number	EMI Scheme Number	2008 total Number	2007 total Number
21 Jun 2004	21 Jun 2011	36.0	–	64,857	–	64,857	74,023
21 Jun 2004	14 Nov 2011	20.0	–	–	–	–	138,889
15 Nov 2004	15 Nov 2011	20.0	372,778	–	–	372,778	372,778
22 Dec 2004	22 Dec 2011	22.0	–	–	106,133	106,133	121,133
22 Jun 2005	22 Jun 2012	16.0	–	–	134,061	134,061	155,623
21 Dec 2005	14 Nov 2011	20.0	–	–	200,000	200,000	200,000
22 Dec 2005	22 Dec 2012	10.0	–	–	150,500	150,500	185,000
21 Mar 2006	21 Mar 2013	12.0	300,000	–	–	300,000	300,000
22 Jun 2006	22 Jun 2013	14.0	–	–	96,454	96,454	106,846
22 Dec 2006	22 Dec 2013	16.0	–	–	97,616	97,616	107,763
19 Mar 2007	21 Jun 2011	36.0	61,111	–	–	61,111	61,111
21 Mar 2007	21 Mar 2013	12.0	200,000	–	–	200,000	200,000
21 Jun 2007	14 Nov 2011	20.0	–	–	11,111	11,111	11,111
22 Jun 2007	22 Jun 2014	15.0	–	–	100,016	100,016	110,437
22 Dec 2007	22 Dec 2014	14.0	–	–	100,808	100,808	119,740
22 Dec 2007	22 Dec 2017	30.0	–	–	–	–	21,937
21 Mar 2008	21 Mar 2013	12.0	200,000	–	–	200,000	200,000
22 Jun 2008	22 Jun 2015	14.0	–	–	101,719	101,719	141,951
22 Dec 2008	22 Dec 2015	14.0	–	–	122,973	122,973	161,808
22 Jun 2009	22 Jun 2016	20.0	–	–	136,866	136,866	177,909
10 Jul 2009	10 Jul 2016	20.0	–	–	50,000	50,000	50,000
8 Dec 2009	8 Dec 2016	16.0	–	–	7,960	7,960	7,960
22 Dec 2009	22 Dec 2016	15.0	–	–	138,464	138,464	188,224
19 Mar 2010	19 Mar 2017	15.0	–	–	125,000	125,000	125,000
2 Apr 2010	2 Apr 2017	14.5	–	–	160,415	160,415	160,415
22 Jun 2010	22 Jun 2017	26.0	–	–	196,185	196,185	244,587
22 Dec 2010	22 Dec 2017	30.0	–	–	293,253	293,253	328,063
10 Jan 2011	10 Jul 2016	20.0	–	–	50,000	50,000	50,000
15 May 2011	15 May 2018	27.0	–	–	112,263	112,263	–
15 May 2011	15 May 2018	14.5	–	–	1,575,931	1,575,931	–
22 Jun 2011	22 Jun 2018	30.5	–	–	269,470	269,470	–
19 Sept 2011	19 Mar 2017	15.0	–	–	50,000	50,000	50,000
22 Dec 2011	22 Dec 2018	24.5	39,320	–	299,470	338,790	–
10 Jul 2012	10 Jul 2016	20.0	–	–	50,000	50,000	50,000
19 Mar 2013	19 Mar 2017	15.0	–	–	50,000	50,000	50,000
			1,173,209	64,857	4,786,668	6,024,734	4,272,308

33 Related party transactions

During the year the Group made contributions totalling £1,275 to The Share Foundation to enable contributions to be made to the Child Trust Funds of children under the care of the Official Solicitor within Buckinghamshire. The Share Foundation is a national charity established to provide financial support to looked-after children without parents through additional contributions to their Child Trust Funds. Gavin Oldham, Chief Executive of Share plc, is the Chairman and founder of The Share Foundation.

The principal transactions between the Company and its subsidiaries were the receipt of a dividend from The Share Centre Limited of £1,488,513 (2007: £2,601,500), and the payment to The Share Centre Limited of management fees of £182,000 (2007: £195,000) which primarily relate to the recharging of a proportion of directors' time. In addition, the Company made a capital contribution during the year of £25,000 (2007: £90,000) to Sharefunds Limited. At the year end the Company had a balance outstanding due to The Share Centre Limited of £195,000 (2007: £198,000) and was owed, by way of a subordinated loan, £150,000 (2007: £150,000) by The Share Centre Limited.

Remuneration of key management personnel:

The remuneration of the directors, including the directors of The Share Centre Limited, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual directors of the Company is provided in the 'Directors' remuneration report' on pages 31 to 35.

	Year ended 31 December 2008	Year ended 31 December 2007
	£'000	£'000
Short-term employee benefits	894	863
Share-based payments	88	23
	982	886

34 Post balance sheet events

Interest rates have been cut further since the end of the year. This has resulted in an increase in the level of payments being received, and expected to be received, under the Group's interest rate floor policy. As a consequence the fair value of the intrinsic element of this policy (as shown in note 20) has increased by a material amount to £3.1 million as at 5 March 2009.

Information for shareholders

Press releases, half year results and other information relevant to shareholders are available on our website, www.shareplc.com.

Shares issued or committed as at 31 December 2008

	Number of shareholders	Number of shares	%
Oldham family and trusts	10	125,013,749	76.2
Other directors and staff	116	9,779,357	6.0
Customers	66,973	18,351,177	11.2
Other shareholders	396	10,886,024	6.6
	67,495	164,030,307	100.0

Financial calendar 2009

20 May 2009	Ex dividend date for final dividend
22 May 2009	Record date for final dividend
12 June 2009	Annual General Meeting
18 June 2009	Final dividend paid

Dealing in Share plc shares

Share plc shares are traded on AIM, PLUS Markets and Sharemark (www.Sharemark.co.uk) and customers of The Share Centre can place orders via their personal portfolio accessed at www.share.com, by telephone (01296 41 42 43) or in writing, quoting their name, customer reference, portfolio number and the number of shares to buy/sell together with the price limit. You can buy and sell shares in Share plc via most stock brokers, including The Share Centre. If your preferred broker is not yet authorised to deal in Sharemark please ask them to contact the Sharemark dealing team on 01296 41 42 43.

Sharemark auctions in Share plc shares are carried out weekly at 4.30pm each Thursday after the AIM market close, except Bank Holidays in which case deals are usually struck on the working day immediately prior to the Bank Holiday. For full details visit www.sharemark.co.uk or call 01296 41 41 41.

Share price information

The latest indicative and auction prices for shares in Share plc are available through normal media channels for AIM reporting and on www.sharemark.co.uk, or via the home page at www.shareplc.com.

Shareholder benefits

A holding in Share plc qualifies shareholders to receive 'dealing commission credit' rebated against commission charged on sales and/or purchases of any investment made through their account with The Share Centre.

For every Share plc share held, shareholders receive a quarterly dealing commission credit of 3p up to a maximum allowance of £300 per quarter, payable as a rebate against dealing commission on orders made in that quarter through any of their accounts with The Share Centre. Rebates earned on dealing through an ISA will, because of Her Majesty's Revenue and Customs' regulations, be paid to a Share Account. The rebate will be to a maximum of 30% of dealing commission on orders placed via the internet, or 15% on orders placed by other means. Any credit not used in any one quarter will lapse.

The maximum annual value of this shareholder benefit is therefore 12 pence per share obtainable on a holding of up to 10,000 shares in Share plc. Dealing commission of £1,000 per quarter (internet) or £2,000 per quarter (other means) would need to be paid to secure the maximum benefit, with a £7.50 dealing commission on the internet thereby effectively costing £5.25.

Advisers

Corporate advisers

KBC Peel Hunt Limited
111 Old Broad Street
London, EC2N 1PH

Brokers

The Share Centre Limited
Oxford House
Oxford Road
Aylesbury
Bucks, HP21 8SZ

Independent auditors

Deloitte LLP
3 Rivergate
Temple Quay
Bristol, BS1 6GD

Principal bankers

Bank of Scotland
Pentland House
2nd Floor
8 Lockside Avenue
Edinburgh Park
South Gyle
Edinburgh, EH12 9DJ

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire, HD8 0LA

Solicitors

Dechert LLP
160 Queen Victoria Street
London, EC4V 4QQ

Public relations

Lansons Communications
24a St John's Street
London, EC1M 4AY

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Sharemark is a share trading facility specifically designed for companies whose shares are infrequently traded. Sharemark trades shares/investments at a single price, so investors aren't affected by the wide bid/offer spreads that often affect infrequently traded shares. Sharemark constitutes a Multilateral Trading Facility and is not a recognised investment exchange, clearing house or regulated market within the meaning of the Markets in Financial Instruments Directive. However The Share Centre Limited, of which Sharemark is a trading division, is authorised and regulated by the Financial Services Authority under reference 146768.