



## press release

### Preliminary Results for the Year Ended 31 December 2007

Share plc, parent company of The Share Centre, (a major independent retail stockbroker and operator of Sharemark, the trading platform for growing companies) and Sharefunds (the Group's investment management and fund administration subsidiary), announces its annual results for the year ended 31 December 2007.

#### Highlights:

- **Turnover rises by 10.4% to £11.7 million (2006: £10.6 million)**
- **Operating Profit rises by 5.5% to £1.2 million (2006: £1.1 million)**
- **Underlying (\*) basic and diluted earnings per share increases by 20.7% to 1.1p (2006: 0.9p)**
- **Proposed dividend per share increases by 11.1% to 0.20p (2006: 0.18p)**
- **Strong balance sheet with £11.6 million in cash (2006: £12.1 million) <sup>Note 6</sup>**

(\*) Underlying basic and diluted earnings per share are calculated excluding the impact of one-off items.

#### Sir Martin Jacomb, Chairman, commented on the results:

"2007 has been a good year in terms of progress against our growth strategy. This is reflected in encouraging revenue growth, which has resulted in a strong increase in underlying earnings per share.

The Group will continue to pursue its growth strategy in 2008 and has already taken a number of important steps including the launch of our Funds ISA and Funds of Funds. The Group's strong balance sheet will also enable us to pursue appropriate acquisition opportunities should they arise.

At a corporate level plans are now well advanced for the Group's admission to the Alternative Investment Market of the London Stock Exchange (AIM) and we anticipate that admission being completed before the end of May. To encourage participation in this process, we have announced a free share offer for customers fully subscribing to an ISA or transferring a full value ISA or PEP account to us in the 2007/08 or 2008/09 tax years and intend to announce in due course details of an offer for subscription to give investors the opportunity to participate further in the Group's equity immediately prior to our admission to AIM.

Although the stock market remains volatile and the economic outlook for 2008 is uncertain we look forward with confidence as the Group continues with its growth plans and corporate development."

#### Further information:

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This announcement constitutes a financial promotion for the purposes of Section 21 Financial Services and Markets Act 2000 and has been approved by The Share Centre Limited.



## Risk Warning:

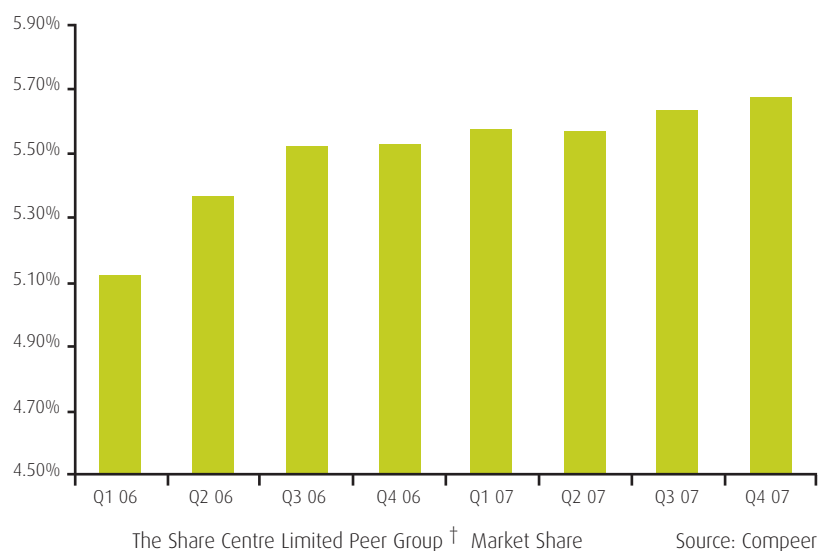
This document is not intended to constitute an offer or agreement to buy or sell investments and does not constitute a personal recommendation. The investments and services referred to in this document may not be suitable for every investor and if in doubt independent financial advice should be sought. No liability is accepted whatsoever for any loss howsoever arising from any information in this document subject to the rules of the Financial Services Authority or the Financial Services and Markets Act 2000. Share prices, values and income can go down as well as up and investors may get back less than their initial investment. Sharemark is an auction-based dealing facility designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The securities traded on Sharemark may not be listed. The Sharemark trading facility is operated by The Share Centre Limited. The Share Centre is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority under reference 146768. 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.

## Notes for Editors:

1. Share plc is the parent holding company of The Share Centre Ltd and Sharefunds Limited and its shares are traded on Sharemark ([www.sharemark.com](http://www.sharemark.com)), the auction-based trading platform designed especially for growing companies.
2. The Share Centre was formed in 1990 and provides a range of account-based services to enable investors to share in the wealth of the stock market.
3. Retail services include ISAs, PEPs, CTF accounts and SIPPs, all with the benefit of investment advice, and dealing in a wide range of investments.
4. Services available to corporate clients include Share plan administration, Fund administration and 'white-label' dealing platforms.
5. For more details contact 0800 800 008, or visit [www.share.com](http://www.share.com).
6. Included in this amount is £1.1 million (2006: £0.8 million) 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.

## Chairman's statement

Share plc has made steady progress in 2007 in fulfilment of our growth strategy. This has enabled the Group to pursue its proposed introduction to the Alternative Investment Market of the London Stock Exchange ('AIM'), notwithstanding the mood of uncertainty surrounding the stock market and the economy at large. Our principal key performance indicator is our market share of retail stockbroking business, benchmarked against leading competitors on the basis of data provided by Compeer, the independent analyst for the stockbroking industry. Since the first quarter of 2006 (when we started using this measure) our market share of this selected peer group has increased by 10.5% having risen in every quarter bar one during that period.



This year is the first in which we have adopted International Financial Reporting Standards (IFRS), and as a consequence some of the prior year numbers and presentational aspects of the accounts have had to be adjusted and therefore may look somewhat different. In particular the adoption of IFRS has resulted in the revaluation of investments held by the Group and there is a new primary statement – the 'Statement of other recognised income and expense' – which shows any gains or losses which have been taken directly to shareholders funds.

In absolute terms, revenue rose by 10.4% to £11.7 million (2006: £10.6 million) and operating profit for the year was £1.2m (2006: £1.1m). Taking into account income of £1.2m (2006: £1.6m) arising from the sale of shares in London Stock Exchange plc and other non-operating income (such as interest on house funds) the profit before tax was £3.3m (2006: £3.4m). Underlying earnings per share, excluding the impact of one-off items, were 1.1p (2006: 0.9p). The Board has decided to recommend a dividend of 0.20p per share (2006: 0.18p per share plus a special dividend of 1.0p per share).

The market environment is less stable than a year ago, and the large swings in market value are a measure of a high level of uncertainty amongst investors. It is generally accepted that we are entering a period of lower growth, if not recession, and central banks are driving down interest rates. Thus the reduced value of Sterling and high energy prices are pointing firmly towards higher inflation. This is a difficult environment but most businesses should be able to accommodate it. Some sectors face particular difficulties, but we do not see corporate earnings as a whole being damaged too heavily provided that large scale unemployment can be avoided.

The Government may, however, wish to use fiscal stimulus to keep the economy moving forward. We would welcome such an approach and can see particular merit in initiatives designed to keep local business moving throughout the country. However whether fiscal or monetary stimulus is used, there will be a significant increase in the supply of Government debt (further accentuated by the nationalisation of Northern Rock), and we see a weak market in fixed interest bonds for some time to come.

Dividend yields on equities are already attractive with FTSE 100 companies currently averaging 3.6%. Once the equity market rebuilds confidence in the reliability of future corporate earnings we believe the market will look ahead once more. However performance may vary quite widely between sectors and it will remain important for personal investors to seek good investment advice which is where The Share Centre comes in.

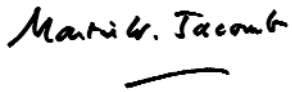
We believe that at present investors are seeking opportunities for purchasing at lower prices, even in these volatile conditions. We therefore consider that investor confidence will remain cautiously optimistic and in particular we believe investors will appreciate the benefit of advice and services which help them in this climate of greater uncertainty.

In January, we launched our Free Shares Offer, Funds ISA and new Fund of Funds, which have made a good start and we look forward to our proposed Offer for Subscription and introduction to AIM which we expect to complete in May. We want the quality of our services to be more widely appreciated. Indeed, the primary purpose of the flotation is to raise the Group's profile among personal individual investors, and thereby to continue to build market share. We look forward to pursuing that aim both organically and by acquisition.

# shareplc:

Finally, this can only be achieved through the professionalism and consistency of high quality customer service which we believe marks us out from our peer group. That high quality of service delivery is a credit to our team in Aylesbury.

Sir Martin Jacomb

A handwritten signature in black ink that reads "Martin W. Jacomb". The signature is written in a cursive style and is positioned above a short horizontal line.

Chairman

26 February 2008

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



## Chief Executive's Strategic Overview and Outlook

### Strategic overview

The Group's strategy for growth is to develop and increase regular and sustainable revenue streams from new and existing customers. By generating a high proportion of repetitive income (fees and interest margin) as opposed to transactional (dealing) income, the Group's business is less susceptible to specific market factors than some of our competitors. The delivery of this strategy is based on marketing activity and a broad value for money range of investor products and services.

Our strategy remains centred on the populist market that we seek to serve, and our promotional effort aims to build value into our own brand. The internet is a central part of our service delivery, contributing to the business' growth and efficiency. This is evident in the fact that over 70% of individually instructed transactions were placed through the web in 2007, and our website, [www.share.com](http://www.share.com), holds an ever growing store of value for investors.

The delivery of this strategy is further underpinned by high quality customer service which is at the heart of developing valued relationships with investors. We were pleased that the Which? magazine survey of share dealing services gave us the top customer satisfaction rating in this respect in February 2007. This focus on the needs of investors is also reflected in our implementation of the nominee shareholder rights provisions of the Companies Act 2006 in October 2007; significant numbers of our customers have now "opted in" to receive communications and notifications of forthcoming meetings and resolutions from the companies in which they invest.

The continuing success of our plan to transform the business on the basis of the principles encapsulated in our vision 'more people enjoying straightforward investing', has enabled us to take the next step in the Group's corporate development; our intended admission to AIM in May 2008. This reflects our confidence following a further year of steadily improving market share of peer group retail stockbroking revenues, our principal key performance indicator, as detailed in the Chairman's statement. As we move forward we intend to publish this market share figure on a quarterly basis as a measure of our performance.

### Outlook

The outlook for the market is an uncertain one with greater volatility seemingly an inevitable feature of the landscape in 2008 as growth slows and interest rates fall. Whilst stockbroking firms will be affected by any downturn in equity values and in investor activity levels, our business model and mix of revenue streams (in particular our recurring revenues) helps to insulate us in part from these factors.

As such, we look forward positively to introducing the Group to AIM. To celebrate this move and to strengthen links with our customers further through their having a stake in our business, pursuant to January's offer of free shares, we are allocating 200 free shares in Share plc to eligible investors who subscribe for, or transfer in to us, a full value ISA (or PEP) during the 2007/08 or 2008/09 tax years.

The Group also remains actively interested in acquisition opportunities. Its strong balance sheet and forthcoming proposed share issue provides significant resources to complete any deals which may be agreed without delay.

Gavin Oldham

A handwritten signature in black ink, appearing to read "Gavin Oldham", written over a horizontal line.

Chief Executive  
26 February 2008

## Consolidated income statement

	Notes	2007 £'000	2006 £'000
<b>Revenue</b>		<b>11,721</b>	10,618
Administrative expenses		<b>(10,558)</b>	(9,515)
<b>Operating profit</b>		<b>1,163</b>	1,103
Investment revenues		<b>947</b>	789
Other gains and losses		<b>1,203</b>	1,514
<b>Profit before taxation</b>		<b>3,313</b>	3,406
Taxation	4	<b>(867)</b>	(961)
<b>Profit for the period</b>		<b>2,446</b>	2,445
Earnings per share*	6	<b>1.5p</b>	1.6p
Diluted earnings per share*	6	<b>1.5p</b>	1.5p

All results are in respect of continuing operations.

\* The Directors consider that the underlying earnings per share as presented in note 6 represent a more consistent measure of the underlying performance of the business as this measure excludes the impact of one-off items.

## Consolidated statement of recognised income and expense

	2007 £'000	2006 £'000
Gains on revaluation of available for sale investments taken to equity	1,492	2,352
Exchange gains on available for sale investments taken directly to equity	175	-
Tax on items taken directly to equity	(151)	
<b>Net income/(expenses) recognised directly in equity</b>	<b>1,516</b>	2,352
<b>Transfers</b>		
Transferred to profit on the sale of available for sale investments	(1,163)	(1,590)
	<b>353</b>	762
<b>Profit for the period</b>	<b>2,446</b>	2,445
Total recognised income for the year	<b>2,799</b>	3,207
Attributable to Equity shareholders	<b>2,799</b>	3,207

## Consolidated and Company balance sheets

Notes	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
<b>Non-current assets</b>				
Intangible assests	68	84	-	-
Property plant and equipment	156	184	-	-
Available for sale investments	5,373	4,869	264	264
	<b>5,597</b>	<b>5,137</b>	<b>264</b>	<b>264</b>
<b>Current assets</b>				
Trade and other receivables	5,717	6,223	150	150
Cash and cash equivalents	11,642	12,053	703	1,071
Derivative financial instruments	135	-	-	-
Deferred taxation	178	69	-	-
	<b>17,672</b>	<b>18,345</b>	<b>853</b>	<b>1,221</b>
<b>Total assets</b>	<b>23,269</b>	<b>23,482</b>	<b>1,117</b>	<b>1,485</b>
<b>Current liabilities</b>				
Trade and other payables	(5,456)	(5,909)	(257)	(244)
Current tax liabilities	(463)	(551)	-	-
	<b>(5,919)</b>	<b>(6,460)</b>	<b>(257)</b>	<b>(244)</b>
Net current assets	<b>11,753</b>	<b>11,885</b>	<b>860</b>	<b>1,241</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	(1,454)	(1,406)	-	-
Total liabilities	<b>(7,373)</b>	<b>(7,866)</b>	<b>-</b>	<b>-</b>
Net assets	<b>15,896</b>	<b>15,616</b>	<b>860</b>	<b>1,241</b>
<b>Equity</b>				
Share capital	779	798	779	798
Capital redemption reserve	19	-	19	-
Share premium account	29	29	29	29
Employee benefit reserve	(439)	(416)	-	-
Retained earnings	11,893	11,920	33	414
Revaluation reserve	3,615	3,285	-	-
Equity Shareholder's funds	<b>15,896</b>	<b>15,616</b>	<b>860</b>	<b>1,241</b>

These financial statements were approved by the Board on 26 February 2008.

Signed on behalf of the Board

*Martin G. Jacomb*

Sir Martin Jacomb

## Consolidated cash flow statement

	Notes	2007 £'000	2006 £'000
Net cash from operating activities	7	236	(252)
<b>Investing activities</b>			
Interest received		811	662
Dividend received from trading investments		137	127
Proceeds on disposal of available-for-sale investments		1,163	1,589
Purchase of property, plant and equipment		(47)	(120)
Purchase of derivative financial instrument		(95)	
Net cash received from investing activities		1,969	2,258
<b>Financing activities</b>			
Equity dividends paid	5	(1,851)	(251)
Share capital redemption		(765)	-
Net cash used in financing		(2,616)	(251)
Net increase/(decrease) in cash and cash equivalents		(411)	1,755
Cash and cash equivalents at beginning of year		12,053	10,298
Cash and cash equivalents at the end of year		11,642	12,053



## 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 Bucks HP21 8SZ. The nature of the group's operations and its principal activities are set out in the operating and financial review.

The financial information is presented in pounds Sterling which is the currency of the primary economic environment in which the group operates.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Group's published full financial statements will comply with IFRSs and be available in due course as detailed in note 9 below.

### 2 Basis of preparation

The consolidated financial information for the Group has 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.

The first time adoption of IFRS has led to a number of changes to the financial statements and their presentation. The transitional disclosures required by IFRS 1 concerning the transition from UK Generally Accepted Accounting Principles (UK GAAP) to IFRS are set out in the full financial statements. The date of transition to IFRS for the Group and the Company was 1 January 2006.

The Group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendment to IAS 1 Presentation of Financial Statements. The impact of the adoption of IFRS 7 and the changes to IAS1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital. Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives; and IFRIC 10 Interim Financial Reporting and Impairment. The adoption of these interpretations has not led to any changes in the Group's accounting policies.

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

IFRS 8 Operating Segments

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

IFRIC 12 Service Concession Arrangements

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

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.

### 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 not material to the Group.

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

#### Investments held as available-for-sale

Investments classified as held for sale are measured at the lower of carrying amount and fair value at reporting date. Cost to sell is also taken into consideration where material.

Gains and losses arising from changes in fair value are recognised directly in equity (the amounts are shown in a separate reserve, called "Fair Value Reserve"), until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

## Notes to the financial statements (continued)

### 3 Accounting policies (continued)

#### 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 investment is recognised when the shareholders' right to receive payment have 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.

The Group does not currently act as lessor. As lessee assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

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.

#### 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 it operates. 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. 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.

Exchange differences are recognised in the 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.

## Notes to the financial statements (continued)

### 3 Accounting policies (continued)

#### 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 or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Motor vehicles, Computer Hardware, Fixtures and equipment	25%
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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.

#### 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. As 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. 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.

## Notes to the financial statements (continued)

### 3 Accounting policies (continued)

#### 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; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

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.

#### 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.

## Notes to the financial statements (continued)

### 3 Accounting policies (continued)

#### 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 this derivative financial instrument are disclosed in the full financial statements.

The derivative used is initially recognised at fair value at the date the derivative contract is entered into and is subsequently remeasured to its fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

The derivative is presented as a non-current asset if the remaining maturity of the instrument is more than 12 months and it is not expected to be resalised or settled within 12 months.

#### Provisions

Any 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 Payment. 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 2005.

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 the full 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 Group has adopted the Accounting Standards Board Urgent Issues Task Force abstract 38 'Accounting for ESOP Trusts', and these transactions have been accounted for under this abstract. As such, 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 profit and loss account as they become payable. The assets of these schemes are held separately from those of the Group in independently administered funds.

#### 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.

## Notes to the financial statements (continued)

### 4 Tax charge on profit on ordinary activities

	2007 £'000	2006 £'000
Current taxation	(891)	(945)
Deferred taxation	24	(16)
	<b>(867)</b>	(961)

Corporation tax is calculated at 30 per cent (2006: 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:

	2007 £'000	2006 £'000
Profit before taxation	3,313	3,406
Tax at 30% thereon	(994)	(1,022)
Effects of		
Items not deductible for tax purposes	86	(19)
Capital allowance in excess of depreciation	-	31
Rate change	3	-
UK dividend income	22	13
Rate differences on current tax	16	16
Foreign Tax	-	(14)
Other deferred tax movements	-	1
Adjustments in respect of prior years	-	33
	<b>(867)</b>	(961)

In addition to the amount charged to the income statement, deferred tax relating to the revaluation of the Group's investments amounting to £448,000 has been charged directly to equity.

### 5 Distribution to shareholders

	2007 £'000	2006 £'000
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 December 2006	1,884	255
Less amount received on shares held via ESOP	(33)	(4)
	<b>1,851</b>	251

Dividends proposed for the 2007 financial year to be paid in 2008 per 0.5 pence ordinary share are 0.20 pence. This would amount to a gross dividend payment of £312,000 given the current share capital. This proposed final dividend is subject to approval at the Annual General Meeting and has not been included as a liability in the financial statements.

## Notes to the financial statements (continued)

### 6 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 both 2006 and 2007 is in respect of 'other gains' which appear in the income statement and principally relate to the profits from the sales of London Stock Exchange plc shares during the year. The directors consider that the underlying earnings per share represent a more consistent measure of underlying performance.

	<b>2007</b>	2006
	<b>£'000</b>	£'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being net profit attributable to equity holders of the parent company	<b>2,446</b>	2,445
Other gains and losses	<b>(1,203)</b>	(1,514)
Exceptional (income) / expense	-	(200)
Related profit share paid	<b>144</b>	222
Taxation impact of the above adjustments	<b>318</b>	448
Earnings for the purposes of underlying basic and diluted earnings per share	<b>1,705</b>	1,391

Number of shares	<b>Number ('000s)</b>	Number ('000s)
Weighted average number of ordinary shares	<b>161,440</b>	160,020
Non vested shares held by employee share ownership trust	<b>(2,374)</b>	(2,697)
Basic earnings per share denominator	<b>159,066</b>	157,323
Effect of potential dilutive share options	<b>522</b>	544
Diluted earnings per share denominator	<b>159,588</b>	157,867
Basic earnings per share (pence)	<b>1.5</b>	1.6
Diluted earnings per share (pence)	<b>1.5</b>	1.5
Underlying basic earnings per share (pence)	<b>1.1</b>	0.9
Underlying diluted earnings per share (pence)	<b>1.1</b>	0.9

## Notes to the financial statements (continued)

### 7 Notes to the cash flow statement

	<b>2007</b>	2006
	<b>£'000</b>	£'000
Operating profit	<b>1,163</b>	1,102
Other gains and losses	<b>(118)</b>	(59)
Depreciation of property, plant and equipment	<b>75</b>	71
Amortisation of intangible assets	<b>16</b>	16
Share based payments	<b>18</b>	(13)
Operating cash flows before movement in working capital	<b>1,154</b>	1,117
Decrease/(Increase) in receivables	<b>506</b>	(783)
Increase/(Decrease) in payables	<b>(454)</b>	112
Cash generated by operations	<b>1,206</b>	446
Income taxes paid	<b>(970)</b>	(698)
Net cash from operating activities	<b>236</b>	(252)

### 8 Preliminary announcement

The figures for the year ended 31 December 2007 do not constitute full accounts within the meaning of Section 240 of the Companies Act 1985. The figures for the year ended 31 December 2006 have been extracted from the accounts for 2006, which have been delivered to the Registrar of Companies, and are adjusted to reflect International Financial Reporting Standards. The auditors have reported on those accounts; their report was unqualified and did not contain statements under Section 237 (2) of (3) of the Companies Act 1985.

### 9 Availability of report and accounts

The Group's full report and accounts will be dispatched to shareholders as soon as is practicable. Copies will also be available on the Group's website, [www.share.com](http://www.share.com), and on request from the Group's head office at Oxford House, Oxford Road, Aylesbury, Bucks HP21 8SZ.

### 10 Annual General Meeting

The annual general meeting is to be held on 6 June 2008. Notice of the AGM will be dispatched to shareholders with the Group's report and accounts.