shareplc:

putting customers first

interim report 2013

revenue

market share

net cash

Highlights

Core revenues up 8% to £7.2m (2012: £6.6m), with total revenue up 4% to £7.3m (2012: £7.1m)

Benchmarked market share of peer group revenues increased to 7.07% in the first half of 2013 (2012: 6.56%)

Operating profit increased by 12% to £0.5m (2012: £0.4m)

Profit before tax increased by 16% to £0.7m (2012: £0.6m)

Underlying(*) earnings per share increased by 25% to 0.5p (2012: 0.4p)

Net cash (excluding customer deposits) up by 10% to £11.7m at 30 June 2013 (2012: £10.6m)

Continued delivery of focused strategy – including introduction of new competitive fee structure

Major board changes – Gavin Oldham to become Chairman and Richard Stone to become Chief Executive – take effect at the start of 2014

Board looks forward to remainder of the financial year with confidence

(*) Excludes the impact of some items, in particular any large non-recurring items and share based payment charges as defined in note 7. Basic and diluted earnings per share were 0.4p (2012: 0.3p).

Chairman's statement

Share plc made good progress in the six months to 30 June 2013, helped by improving investor sentiment. Profit before tax rose by 16% to £693,000 year-on-year, on total revenues up by 4% to £7.3m, demonstrating the Group's operational gearing. Share's performance against its benchmarked peer group (*) also shows a year-on-year improvement, with the Group's market share of peer group revenues increasing to 7.07% for the first half of 2013 as compared to 6.56% in the same period in 2012. The Group's balance sheet remains strong with net cash (excluding customer deposits) up by 10% to £11.7m at 30 June 2013.

These pleasing results demonstrate further delivery against our focused growth strategy, which last year saw us exit certain non-core activities.

Market Context

Investor sentiment was significantly boosted at the turn of the year by the apparent resolution of the US 'Fiscal Cliff' problems. This gave the market positive momentum which it had been lacking during 2012. That momentum has been underpinned by more robust economic data and an indication from central banks of a willingness to maintain a loose monetary policy for a more prolonged period.

The stockmarket – as measured by the FTSE All Share Index – rose by 6.3% in the first six months of the year, and that was after coming off highs in May which reached gains of c.16% on the year end position. This volatility, with more positive momentum, boosted dealing volumes across the market. However it is worth observing that much of the increase in market values appears to be a result of signals on continuing soft monetary policy, and this has been evidenced by the market suffering falls in reaction to the release of good economic data potentially indicating that monetary support may come to an end. Indeed, defensive stocks, not usually the driver of market appreciation, have done particularly well as investors continue to seek income in the face of low interest rates.

During the period our clients' assets held in their accounts with us have increased by 10% to £2.0bn. This includes client money balances held of £162.5 million. The increase, at a rate ahead of the overall growth rate in the market, indicates our ability to attract new customers and additional investments from existing customers.

Financial performance

Core revenues from our retail stockbroking activities grew by 8% during the first half to £7.2m from £6.6m in 2012. Including revenues from those activities we have exited or scaled back, overall revenues were up 4% year-on-year to £7.3m (2012: £7.1m), Operating profit increased by 12% to £472,000 on the prior year (2012: £420,000) and profit before tax rose by 16% to £693,000 (2012: £600,000). Administrative expenses were higher as a result of some remaining exit costs relating to Sharefunds and by Financial Services Compensation Scheme costs which were £211,000 in the first half of 2013 as compared to £103,000 in the first half of 2012 (in part due to a £66,000 interim levy received in April in respect of 2012-13).

Underlying earnings per share were up 25% at 0.5p per share (2012: 0.4p). Headline basic and diluted earnings per share were 33% ahead at 0.4p (2012: 0.3p).

The balance sheet continues to be strong, with the Group's net house cash position excluding customer deposits at 30 June 2013 at £11.7m, approximately 10% higher than at the same point last year (2012: £10.6m).

The business model is such that profit readily translates into cash. Indeed, the inclusion in the income statement of some non-cash costs such as share-based payment charges, means that cash generated from operating activities exceeds the operating profit in the income statement.

Overall net assets for the Group were £16.8m at the end of June 2013 (2012: £16.2m). The net asset balance equates to c.12p per share in issue. Net assets include the value of the Group's investments in the London Stock Exchange plc and Euroclear plc which both increased their dividends, boosting the Group's investment revenues.

Following the steps taken last year, the business is now much more focused on its core activity of retail stockbroking, which is conducted under the "The Share Centre" brand.

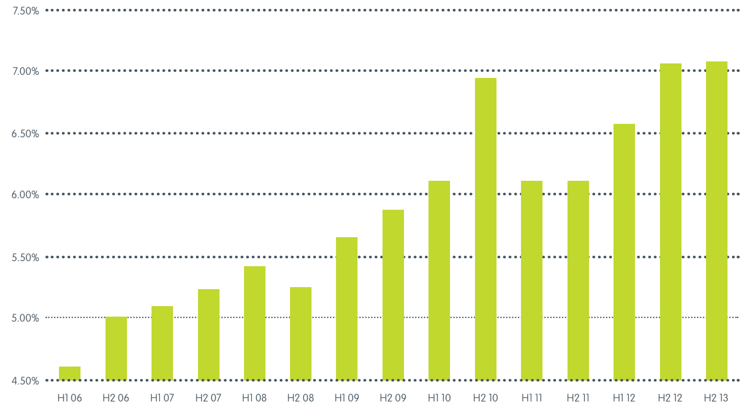
The Group has three principal revenue streams – dealing commission, fees and interest income. These have historically been relatively equal contributors to the overall mix but in recent years, with very low interest rates, interest income has become a smaller element.

The first half of the year saw significantly greater dealing activity on the part of personal investors. The result has been an increase in our dealing commission revenues both in absolute terms and as a percentage of the overall revenue mix. Dealing commission in the first half of the year was £3.2m (2012: £2.7m) showing 21% growth year-on-year. Like-for-like fee income, excluding the Sharefunds revenue, was broadly flat. Total fee income including the Sharefunds revenue showed a small decline to £3.0m from £3.2m in 2012. Interest income was marginally down year-on-year to £1.13m from £1.17m with higher client money balances not sufficient to offset the further decline in interest rates. The overall mix between dealing commission, fees and interest in the first half of 2013 was 44%, 41% and 15% (2012: 38%, 46% and 16% respectively).

It is useful to compare the Group's individual revenue stream performance against our peers(*) and this shows that dealing commission for our peer group in the first half of 2013 increased by 5% on the first half of 2012 as compared to our growth of 21%. Peer group fee revenues were down 6% as compared to our flat performance (excluding Sharefunds) and peer group interest income was down 41% as compared to our decline of 3%.

Market Share

The independent company Compeer collates information on the wealth management sector and we use this data in respect of nine of our peers(*) who submit monthly information to Compeer to calculate a market share of revenues. Our market share of revenues grew again in the first half of 2013 to 7.07%, up from 6.56% in the first half of 2012. This continues a steady pattern of growth since 2006 when we started collating and reporting on this key performance indicator - the second half of 2010 being an outlier as a function of the interest rate floor policy which delivered its maximum relative benefit at that time.



Source: Compeer

Market share in the second quarter of 2013 was 6.95%, down slightly from the record highs seen in the previous two quarters (Q4 2012: 7.19%) but up from 6.69% in Q2 2012. The marginal decline relative to the last two quarters in part reflects the increased emphasis on dealing commission in the period with 66% of our peer's first half revenues coming from dealing commission as compared to our 44%.

Chairman's statement continued

Delivering our strategy

The business has a well developed strategy which was explained in some detail in our 2012 Annual Report. There are three elements to that strategy which we have continued to deliver against in 2013. I have highlighted below some of the more significant aspects from the last six months.

Putting Customers First In March we launched a new version of our website. This was a significant enhancement in our presentation of the business and will further improve the customer experience and ease of navigation of our services. In addition, the changes in technology 'behind the scenes' will allow much more frequent and timely updating to take place. We are now moving into the next phase of development which will see us improving and increasing some of the online functionality for customers.

Focus on our core brand: The Share Centre We have completed the move away from offering fund accounting services. Our contract with WAY Fund Managers Limited ceased at the end of March 2013. Some final activities required completion up to the end of June but this process is now complete. We have also successfully transferred the fund accounting and depository services for the remaining funds for which we act as Authorised Corporate Director – including our own in-house funds of funds – to BNP Paribas.

Establishing partnerships and making selective acquisitions We established a number of new partnerships during the first half of the year, initiating a share dealing service for First Shares and relaunching the website offering for This is Money, part of Associated Newspapers Limited. We have also taken on a number of new Enterprise Investment Scheme (EIS) funds for which we provide custody, trading and administration services.

Towards the end of the first half we undertook one of the most important changes the business has made in several years with significant adjustments to our fee structure. This was driven by our need to respond to increased regulatory costs, persistently low interest rates and the changing competitive environment. The new charges applied from the end of July 2013.

Since we are here to serve and support the personal investor, we undertook thorough market research with customers between January and March before revising our fee structure. This indicated customers' acceptance of monthly charging and a desire for clear and easy to understand tariffs. We believe our new tariff will serve the business well by making our propositions more competitive and compelling in the market.

Administrative fees have increased on Share Accounts and this has caused some customers – particularly inactive customers with relatively modest investments – to consider the viability of the accounts they held with us and to close those accounts. To date, 54% of the customers who have chosen to close their accounts held an account with a value of less than £10 and 74% held an account with a value of less than £100.

We do not charge to trade or hold Share plc shares through The Share Centre: this has not changed. However, many of those modest shareholdings which have been sold have been sole holdings of Share plc shares as former customers and shareholders rationalise their affairs. While we would prefer not to lose contact with any customer or shareholder, the level of engagement is no longer significant where the relationship has diminished to just the Share plc holding. Such sales have had an adverse impact on the share price, even though in the longer run there is a commercial benefit to the closure of such non-revenue generating accounts which have cost money to service.

Writing to our entire customer base in a single mailing inevitably generated very high volumes of customer contacts by both telephone and e-mail. We apologise to any customer who struggled to get through to us or whose e-mail did not get answered as swiftly as we would have liked during that period. Our customer service team and the rest of the company have worked hard to ensure all customer enquiries are dealt with properly and all questions answered as swiftly as possible. I would like to thank all of our staff for their efforts and commitment to ensuring we deliver the best possible customer service even in the face of such unprecedented volumes.

Regulation

The first half of the year saw the Financial Services Authority (FSA) replaced by the Financial Conduct Authority (FCA). We are now regulated by the FCA.

The Financial Services Compensation Scheme continues to be a painful burden on the Group. In the first half of the year the FSCS costs were £211,000, reducing our headline operating profit by 30%. The FSA's consultation on the funding of the FSCS did little to change matters and the new rules actually increased the potential maximum exposure of our sector to claims by 50%. We continue to believe that this scheme is a barrier to competition and that it increases systemic risk. We hope that the FCA will not only consider it afresh but will also increase the quality of regulation to a point where the level of failures and customer loss, predominantly arising from bad advice or misappropriation of client funds, is reduced.

The FCA has recently published a consultation paper (CP13/5) on client assets. This paper proposes restricting the depositing of client money to on call or breakable deposits. This may have a material impact on the interest rates which can be earned on client money deposits if it results in equivalent new rules during 2014. We believe this potential change misses the main cause of loss of client funds, potentially injects systemic instability into the banking system by putting significantly more assets on call and overlooks the steps we, uniquely, have taken to protect our client money positions with some depositors by securing those deposits against collateral provided by the deposit taker. We will be responding to the consultation accordingly and will continue to press for more securitisation within the banking system as a whole. Chief Executive Gavin Oldham has published an article on this subject, titled, 'Collateralising the banking system' which is reproduced overleaf.

Whilst not directly linked to regulation it is worth briefly commenting on the Government's Funding for Lending scheme. This has flooded the market with liquidity such that the rates available for deposits in the market have been cut significantly – whether for a large depositor like ourselves or a saver such as any one of our personal investor customers. Although media coverage focuses on the improvements to lending this is intended to generate, it makes it increasingly difficult to earn a return on cash and is distorting the deposit side of the market.

Board changes

We announced a number of Board changes at our Annual General Meeting in June and, as we explained then, I will be standing down from the Board at the end of 2013. Gavin Oldham will then take on the role of Executive Chairman and Richard Stone, our current Finance Director and Chief Operating Officer will become Chief Executive. The search for a replacement Finance Director is underway and progressing well and we hope to make an announcement regarding an appointment in the coming months.

As previously announced, Iain Wallace, Compliance and Legal Services Director, will be leaving the Group on 3 September. He has made a very significant contribution to the Group over the past 14 years, and we wish him well in his next role.

Chairman's statement continued

As I come to the end of my time as Chairman I believe the business is in a strong position. It has developed considerably since 2001 when I first took on the role, both in scale (revenues in 2001 were less than £8m) and in the scope and quality of its offering. We have achieved much, but I am sure there is still much to achieve with some significant opportunities ahead. I will watch Share plc's future progress with considerable pride and interest.

Outlook and trading update

I believe we are beginning to see benefits from our focused strategy and the new initiatives we have put in place. Our emphasis on ensuring that we offer customers straightforward fair value investing and our high degree of commitment to our customers differentiates us from our peers and drives high advocacy rates amongst customers.

We believe that the new fee structure we have implemented is competitively positioned and helps to further differentiate us from our peers.

Our new tariff has no platform charge for holding funds. This positioning very significantly sets us apart from other providers who are clinging to the value-related charges which were previously hidden from the customer in the form of trail or return commission paid by fund houses. Our fee structure does not differentiate between investment types nor do we levy different charges based on the way a customer interacts with us. Whether customers contact us by telephone, online or post, our dealing and account charges will be the same, although we will charge a small premium for delivering paper contract notes and valuations to those customers who choose this option. This again sets us apart from our peers who typically charge significantly more for telephone dealing, and underlines our focus on the customer and how we endeavour to see matters from their perspective.

Trading at the start of the second half of the year has been positive, continuing to show good growth in dealing commissions on 2012. We look forward to the rest of the year with confidence.

Sir Martin Jacomb
6 August 2013

(*) Benchmarked revenue peer group includes: Alliance Trust Savings, Barclays Stockbrokers, Equiniti, Halifax Sharedealing, HSBC Stockbrokers, NatWest Stockbrokers, SAGA Personal Finance, Selftrade and TD Direct Investing

Collateralising the banking system

An article by Gavin Oldham, Chief Executive, Share plc, as printed in City A.M. on 30 July 2013

The unsecured nature of UK banking has troubled me and my company for many years, and on several occasions we have discussed the situation with the Bank of England. Concerns over bank capital positions have also recently been reignited. Barclays was one of two banks identified by the Prudential Regulatory Authority (PRA) as having a shortfall in its equity buffer to absorb future potential losses, and is expected to set out plans to meet new tougher rules.

It should, however, be possible for banks to move towards full collateralisation for all significant deposits, with funds secured against high quality securities. The major clearing banks have consistently argued against such a development. But we remain confident that collateralisation could be achieved, and that it would result in a more stable system, potentially lower capital requirements for banks, and therefore more bank lending.

The Share Centre is responsible for about £150m of customer trust status deposits. Our first priority is the safety of such deposits. Although the Financial Services Compensation Scheme (which guarantees deposits of up to £85,000 per customer per financial institution) applies to individual customer balances, we take our fiduciary responsibility seriously: hence our search for secured deposit facilities.

Over the past couple of years, we have put in place fully collateralised arrangements with two building societies, covering about 20 per cent of our customer trust status deposit balances. These are secured with high quality mortgage deeds, with a margin of 50 per cent over deposit value, marked to market and refreshed monthly. As this arrangement shows, collateralisation can be achieved where there is good will and determination to establish the necessary systems.

The prize for establishing a comprehensive structure of collateralisation for significant bank deposits is very large – both in terms of systemic stability and economic stimulus, and there is no shortage of collateral in bank vaults. But the key challenge is to get it working.

Our solution would see Euroclear, the user-owned central securities depository, at the heart of any such system, providing a fully electronic mark to market collateral system. The costs need not be excessive, and would be covered through modest differentials between secured and unsecured deposit rates. The efficiency of the security clearing system would allow the facilities to be available for both on-call and term deposits.

We propose that the PRA should establish lower capital ratio requirements for banks making use of a collateral system, providing an incentive for switch over. They would be encouraged to seek collateral or guarantees on all significant lending to corporate or personal customers, and this again would be encouraged through flexible capital ratios.

The potential for electronic collateral has changed greatly over the past 20 years. But apart from interbank transactions, where collateral is more common, the banking system remains locked in its Victorian past. If a flexible collateral system had been present, much of the chaos of the financial crisis could have been avoided. It is not too late to make this change now.

consolidated income statement

For the six months ended 30 June 2013	Notes	Half year 30 June 2013 (unaudited) £'000	Half year 30 June 2012 (unaudited) £'000	Year 31 December 2012 £'000
Revenue		7,345	7,071	13,914
Administrative expenses		(6,873)	(6,651)	(12,982)
Operating profit		472	420	932
Investment revenues		221	180	298
Other gains and losses		-	-	(562)
Profit before taxation		693	600	668
Taxation	5	(158)	(148)	(147)
Profit for the period		535	452	521
Basic earnings per share*	6	0.4p	0.3p	0.4p
Diluted earnings per share*	6	0.4p	0.3p	0.4p

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 'Other gains and losses' and one-off items of income or expense.

consolidated statement of comprehensive income

For the six months ended 30 June 2013	Half year 30 June 2013 (unaudited) £'000	Half year 30 June 2012 (unaudited) £'000	Year 31 December 2012 £'000
Profit for the year	535	452	521
Gains on revaluation of available-for-sale investments taken to equity	458	439	642
Tax on (gains)/losses on revaluation of available-for-sale investments at 23%/24%	(105)	(83)	(156)
Exchange gains/(losses) on available-for-sale investments taken directly to equity	77	(58)	(35)
Tax on exchange gains/(losses) on available-for-sale investments taken directly to equity at 23%/24%	(18)	17	69
Net gain\(loss) recognised directly in equity	412	315	520
Total comprehensive income for the period	947	767	1,041
Attributable to equity shareholders	947	767	1,041

consolidated balance sheet

	Notes	Half year 30 June 2013 (unaudited) £'000	Half year 30 June 2012 (unaudited) £'000	Year 31 December 2012 £'000
Non-current assets				
Intangible assets		23	516	29
Property, plant and equipment		158	185	192
Available-for-sale investments		4,391	3,630	3,856
Deferred tax assets		37	60	60
		4,609	4,391	4,137
Current assets				
Trade and other receivables		15,503	15,439	10,395
Cash and cash equivalents	7	12,431	11,269	12,186
Current tax asset	2	-	84	
		27,936	26,708	22,665
Total assets		32,545	31,099	26,802
Current liabilities				
Trade and other payables		(14,839)	(14,076)	(9,569)
Current tax liabilities		-	(119)	-
		(14,839)	(14,195)	(9,569)
Net current assets		13,097	12,513	13,096
Non-current liabilities				
Deferred tax liabilities		(880)	(736)	(754)
Total liabilities		(15,719)	(14,931)	(10,323)
Net assets		16,826	16,168	16,479
Equity				
Share capital		719	719	719
Capital redemption reserve		104	104	104
Share premium account		1,098	1,098	1,098
Employee benefit reserve		(625)	(665)	(649)
Retained earnings		12,947	12,866	12,977
Revaluation reserve		2,583	2,046	2,230
Equity shareholders' funds		16,826	16,168	16,479

This condensed set of financial statements was approved by the Board on 06 August 2013

Signed on behalf of the Board

Sir Martin Jacomb, Chairman

consolidated statement of changes in equity

For the six months ended 30 June 2013	Share capital	Capital redemption reserve	Share premium account	Employee benefit reserve	Retained earnings	Revaluation reserve	Attributable equity to holder of the company
Balance at 1 January 2012	719	104	1,098	(711)	13,039	1,690	15,939
Total comprehensive income for the period	-	-	-	-	411	356	767
Dividends	-	-	-	-	(507)	-	(507)
Purchase of ESOP shares	-	-	-	(266)	-	-	(266)
Sales of ESOP shares	-	-	-	144	-	-	144
Cost of matching and free shares in SIP	-	-	-	73	(73)	-	-
Profit on sale of ESOP shares and dividends received	-	-	95	(95)	-	-	
Share-based payment credit	-	-	-	-	108	-	108
Deferred tax on share-based payment	-	-	-	-	(17)	-	(17)
Balance at 30 June 2012 (unaudited)	719	104	1,098	(665)	12,866	2,046	16,168
Total comprehensive income for the period	-	-	-	-	90	184	274
Purchase of ESOP shares	-	-	-	(222)	-	-	(222)
Sales of ESOP shares	-	-	-	120	-	-	120
Cost of matching and free shares in SIP	-	-	-	81	(81)	-	-
Profit on sale of ESOP shares and dividends received	-	-	37	(28)	-	9	
Share-based payment credit	-	-	-	-	109	-	109
Deferred tax on share-based payment	-	-	-	-	1	-	1
Share-based payment current year taxation	-	-	-	-	20	-	20
Balance at 31 December 2012 (audited)	719	104	1,098	(649)	12,977	2,230	16,479
Total comprehensive income for the period	-	-	-	-	594	353	947
Dividends	-	-	-	-	(606)	-	(606)
Purchase of ESOP shares	-	-	-	(204)	-	-	(204)
Sales of ESOP shares	-	-	-	105	-	-	105
Cost of matching and free shares in SIP	-	-	-	92	(92)	-	-
Profit on sale of ESOP shares and dividends received	-	-	31	(31)	-	-	
Share-based payment credit	-	-	-	-	110	-	110
Deferred tax on share-based payment	-	-	-	-	(5)	-	(5)
Balance at 30 June 2013 (unaudited)	719	104	1,098	(625)	12,947	2,583	16,826

consolidated cash flow statement

	Notes	Half year 30 June 2013 (unaudited) £'000	Half year 30 June 2012 (unaudited) £'000	Year 31 December 2012 £'000
Net cash from operating activities	8	653	786	1,827
Investing activities				
Interest received		76	81	166
Dividend received from trading investments		145	99	132
Purchase of property, plant and equipment		(23)	(66)	(126)
Purchase of intangible investments		-	(168)	(350)
Net cash received from investing activities		851	732	(178)
Financing activities				
Equity dividends paid	9	(606)	(507)	(507)
Net cash used in financing		(606)	(507)	(507)
Net increase/(decrease) in cash and cash equivalents		245	225	1,142
Cash and cash equivalents at the beginning of the period		12,186	11,044	11,044
Cash and cash equivalents at the end of the period		12,431	11,269	12,186

1 Basis of preparation

The financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union. However, this announcement does not itself contain sufficient information to comply with IFRSs. The Group's published full financial statements comply with IFRSs. The information for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

In the current year, the following new and revised Standards and Interpretations have been adopted and have had no impact on these financial statements.

- Amendments to IAS 1 "Presentation of items of other comprehensive income"

- Amendments to IAS 19 "Employee benefits"

New standards, amendments and interpretations issued but not effective and yet to be endorsed by the EU are as follows:

- Improvements 2011 - Annual Improvements to IFRSs: 2009-2011 Cycle

New standards, amendments and interpretations issued but not effective and have been endorsed by the EU are as follows:

- Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets"

- IFRS 9 "Financial Instruments"

- IFRS 10 "Consolidated financial statements"

- IFRS 11 "Joint arrangements"

- IFRS 12 "Disclosure of interests in other entities"

- IAS 27 "Separate financial statements"

- IAS 28 "Investments in associates and joint ventures"

- IFRS 13 "Fair value measurement"

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

2 Accounting policies

The same accounting policies, presentation and methods of computation are followed in this condensed set of financial statements as applied in the Group's latest annual audited financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies 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.

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, Euroclear plc, WAY Group Limited, Eirx Therapeutics plc, Investbx Limited and Asset Match Limited. 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, although a bulletin board system periodically collates buy and sell interest amongst shareholders. A view is therefore formed as to fair value based on the most recently traded price and the net asset value of the business adjusted for liquidity considerations. WAY Group Limited shares are carried at cost as the shares are not traded and there is no other means of determining a reliable and timely fair value based on the limited publicly available information. Both the Eirx Therapeutic plc shares, Investbx Limited and Asset Match Limited shares are carried at nil value given the financial position of the companies and their recent history.

Share-based payments The Company's shares have been traded on Sharemark (now Asset Match) since 2000 and on 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.

4 Business and geographical segments

IAS 34 requires disclosure of segment information within interim report as the Group is required to disclose segment information in its annual financial statement as required by IFRS 8.

	The Share Centre		Sharefunds		Total	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Revenue	7,183	6,637	162	434	7,345	7,071
Operating profit/(loss)	759	659	(287)	(239)	472	420

It should be noted that the accounting policies of the reportable segments are the same as the Group's accounting policies and that there were no major customers contributing more than 10% of revenues in the Group as a whole.

5 Taxation

Tax for the six month period is charged at 23.25% (six months ended 30 June 2012: 24.5%), representing the best estimate of the average annual effective tax rate expected for the full year. 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. In 2013 this was 23% (2012: 24%).

6 Earnings per share

	Half year 30 June 2013 (unaudited) £'000	Half year 30 June 2012 (unaudited) £'000	Year 31 December 2012 £'000
Earnings			
Earnings for the purpose of basic and diluted earnings per share, being net profit attributable to equity holders of the parent company	535	452	521
Other losses	-	-	562
Non recurring expense – FSCS interim Levy	211	103	283
Share based payments	110	108	217
Related profit share paid	(40)	(26)	(76)
Taxation impact of the above adjustments	(40)	(18)	(188)
Earnings for the purposes of underlying basic and diluted earnings per share	776	619	1,319
Number of shares	Number ('000)	Number ('000)	Number ('000)
Weighted average number of ordinary shares	145,342	146,313	145,664
Non-vested shares held by employee share ownership trust	(2,664)	(2,846)	(2,770)
Basic earnings per share denominator	142,678	143,467	142,894
Effect of potential dilutive share options	8	25	40
Diluted earnings per share denominator	142,686	143,492	142,934
Basic earnings per share (pence)	0.4	0.3	0.4
Diluted earnings per share (pence)	0.4	0.3	0.4
Underlying (basic and diluted) earnings per share (pence)	0.5	0.4	0.9

7 Cash at bank and in hand

	Half year 30 June 2013 (unaudited) £'000	Half year 30 June 2012 (unaudited) £'000	Year 31 December 2012 £'000
Cash	11,707	10,649	11,516
Cash held in trust for clients (a)	724	620	670
	12,431	11,269	12,186

(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.

(b) At 30 June 2013 segregated deposit amounts held by the Group on behalf of clients in accordance with the client money rules of the Financial Conduct Authority amounted to £162.5 million (30 June 2012: £132.2 million). The Group has no beneficial interest in these deposits and accordingly they are not included on the balance sheet.

8 Cash flow

Reconciliation of operating profit to net cash inflow from operating activities	Half year 30 June 2013 (unaudited) £'000	Half year 30 June 2012 (unaudited) £'000	Year 31 December 2012 £'000
Operating profit	472	420	932
Prior year adjustment	-	(209)	-
Other gains	(108)	(122)	(215)
Depreciation of property, plant and equipment	56	46	99
Amortisation of intangible assets	6	9	16
Gain on disposal of discontinued operations	-	-	100
Share-based payments	115	108	217
Operating cash flows before movement in working capital	541	252	1,149
increase in receivables	(5,108)	(5,570)	(526)
increase in payables	5,270	6,233	1,517
Cash generated by operations	703	915	2,140
Income taxes paid	(50)	(129)	(313)
Net cash from operating activities	653	786	1,827

9 Distribution to shareholders

	30 June 2013 £'000	30 June 2012 £'000	31 December 2012 £'000
2012 Final Dividend paid in current year of 0.43p per ordinary share – 2011 0.36p	617	517	517
Less amount received on shares held via ESOP	(11)	(10)	(10)
	606	507	507

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