

# shareplc:

## press release

### Preliminary Results for the Year Ended 31 December 2008

Share plc (AIM: SHRE.LN), parent company of The Share Centre (a leading 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 unaudited annual results for the year ended 31 December 2008.

#### Highlights:

- 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 consistent with 2007 at 1.1p
- Proposed dividend per share increases by 10.0% to 0.22p (2007: 0.20p)
- Strong balance sheet with £12.4 million in cash (\*\*) (2007: £11.6 million)
- Growth of benchmarked revenue market share to 5.33% (2007: 5.16%)

(\*) excludes 'Other gains and losses' and one-off income or expense as defined in note 6 to the financial statements. Basic and diluted earnings per share 0.5p (2007: 1.5p) impacted by prior year London Stock Exchange share sales and current year one-off AIM costs.

(\*\*) included in this amount is £0.6 million (2007: £1.1 million) 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.

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

"This year has been a special one for the Group with the admission to AIM and successful Offer for Subscription both undertaken in May.

In the context of highly volatile financial markets and rapidly deteriorating economic conditions I am pleased to report that the Group has continued to make progress, growing revenues and operating profit and enabling a continuation of our record of increased dividend payments to shareholders.

The differentiation between the Group's business model and that of its peers is now becoming more apparent and stands us in particularly good stead as we move forward. Trading in 2009 has started positively with strong revenue growth and activity levels relative to 2008, including significant numbers of new Share Accounts being opened. Driven by strong dealing commission and with our interest income underpinned (see Chairman's Statement), we anticipate further significant advances in our key performance indicator – market share of benchmarked revenue – during 2009.

With a strong balance sheet we also continue to actively pursue acquisition opportunities which we anticipate may be more forthcoming in these challenging economic times."

Gavin Oldham - CEO 01296 439100/07767 337696

Richard Stone - Finance Director 01296 439270/07919 220599

Guy Wiehahn / Oliver Stratton - KBC Peel Hunt  
Nominated advisor and broker 0207 418 8900

Katie Hayward - Lansons Communications 0207 294 3616/07884 001148

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, as well as on AIM and PLUS Markets.
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, 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).



## 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 turnover 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 £187,500 per month at the time this report is published, and contributed £134,000 to our 2008 revenues (see note 3 to the financial statements). 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 6 funds under administration. However notwithstanding the dire state of the market, Sharefunds has made good progress during the year. Despite the downturn in market valuations, 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, a corporate advisor with a specialism in smaller companies, 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. Having a 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, has put us in a strong position to take advantage from 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's 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.

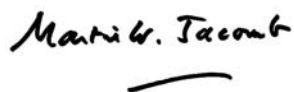
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In all the uncertainty, however, business will seek the first opportunity to build on this extraordinary era of lower interest rates and, helped by government credit guarantees, will start to look ahead as the year progresses. Markets usually anticipate 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, if this proves correct we believe Share plc's business will continue to make progress, both in absolute and comparative terms.

Sir Martin Jacomb



Chairman

3 March 2009

† 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.

## Chief Executive's Strategic Overview and Outlook

### Strategic overview

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 I have 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 £6,000 per day (as at February 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: Increasingly customers are transacting with us electronically. 82% of new share accounts were opened online in 2008 and increasing numbers of customers now receive their regular communications from us electronically as well. This serves to increase efficiency as well as enabling us to control costs such that we can continue to offer competitively priced dealing services.

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.

Figure 1 sets 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 disproportionately benefit) 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 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 those factors especially relative 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. It is important to highlight that there are some key aspects which do not have any direct impact on the Group:

- 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.

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- 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 such 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 low levels of 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.

Gavin Oldham



Chief Executive  
3 March 2009

## Consolidated income statement

	Notes	2008 £'000	2007 £'000
<b>Revenue</b>		<b>11,973</b>	11,721
Administrative expenses		<b>(10,667)</b>	(10,558)
<b>Operating profit</b>		<b>1,306</b>	1,163
Investment revenues		<b>859</b>	947
Other gains and losses		<b>(55)</b>	1,203
Non-recurring items – AIM costs		<b>(655)</b>	–
<b>Profit before taxation</b>		<b>1,455</b>	3,313
Taxation	4	<b>(588)</b>	(867)
<b>Profit for the year</b>		<b>867</b>	2,446
<b>Earnings per share*</b>	<b>6</b>	<b>0.5p</b>	1.5p
<b>Diluted earnings per share*</b>	<b>6</b>	<b>0.5p</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

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

## Consolidated and Company balance sheets

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
<b>Non-current assets</b>				
Intangible assets	52	68	-	-
Property plant and equipment	102	156	-	-
Available for sale Investments	2,722	5,373	-	-
Investment in subsidiaries	-	-	264	264
	<b>2,876</b>	<b>5,597</b>	<b>264</b>	<b>264</b>
<b>Current assets</b>				
Trade and other receivables	6,669	5,717	163	150
Cash and cash equivalents	12,372	11,642	1,714	703
Derivative financial instruments	2,653	135	-	-
Deferred taxation	155	178	-	-
	<b>21,849</b>	<b>17,672</b>	<b>1,877</b>	<b>853</b>
<b>Total assets</b>	<b>24,725</b>	<b>23,269</b>	<b>2,141</b>	<b>1,117</b>
<b>Current Liabilities</b>				
Trade and other payables	(5,709)	(5,456)	(276)	(257)
Current tax liabilities	(245)	(463)	-	-
	<b>(5,954)</b>	<b>(5,919)</b>	<b>(276)</b>	<b>(257)</b>
<b>Net Current Assets</b>	<b>15,895</b>	<b>11,753</b>	<b>1,601</b>	<b>860</b>
<b>Non-current Liabilities</b>				
Deferred tax liabilities	(1,479)	(1,454)	-	-
<b>Total Liabilities</b>	<b>(7,433)</b>	<b>(7,373)</b>	<b>(276)</b>	<b>-</b>
<b>Net assets</b>	<b>17,292</b>	<b>15,896</b>	<b>1,865</b>	<b>860</b>
<b>Equity</b>				
Share capital	801	779	801	779
Capital redemption reserve	19	19	19	19
Share premium account	931	29	931	29
Employee benefit reserve	(535)	(439)	-	-
Retained earnings	12,878	11,893	114	33
Revaluation reserve	3,198	3,615	-	-
<b>Equity Shareholders' Funds</b>	<b>17,292</b>	<b>15,896</b>	<b>1,865</b>	<b>860</b>

These financial statements were approved by the Board on 3 March 2009.

Signed on behalf of the Board

*Martin G. Jacomb*

Sir Martin Jacomb

## Consolidated cash flow statement

	Notes	2008 £'000	2007 £'000
Net cash from operating activities	7	<b>(874)</b>	236
<b>Investing activities</b>			
Interest received		<b>698</b>	811
Dividend received from trading investments		<b>161</b>	137
Proceeds on disposal of available-for-sale investments		-	1,163
Purchase of property, plant and equipment		<b>(19)</b>	(47)
Purchase of derivative financial instrument		-	(95)
<b>Net cash received from investing activities</b>		<b>840</b>	1,969
<b>Financing activities</b>			
Equity dividends received		-	-
Equity dividends paid		<b>(316)</b>	(1,851)
Share capital redemption		-	(765)
Issue of new shares		<b>1,080</b>	-
Net cash from/(used in) financing		<b>764</b>	(2,616)
Net increase/(decrease) in cash and cash equivalents		<b>730</b>	(411)
Cash and cash equivalents at the beginning of the year		<b>11,642</b>	12,053
Cash and cash equivalents at the end of the year		<b>12,372</b>	11,642



## 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 of the full annual report which will be published in due course.

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

### 2 Basis of preparation

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. 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.

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

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 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.

The Group's business activities together with the factors likely to affect its future development, performance and position, are set out in the Business Review of the full Annual Report for 2008 to be published shortly (see note 9). 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.

### 3 Accounting policies

The Group's detailed accounting policies are as detailed in the full financial statements which will be published shortly as per note 9 below. These policies are consistent with those applied in the financial statements for the year ended 31 December 2007 with the exception of the following:

#### Hedge accounting

The Group has an interest rate floor policy, the intrinsic value element of which was designated an effective 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 fair value 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 Group has a single cash flow hedge to protect interest income on £90 million during the period to 1 November 2010 that the Sterling base rate is below 3.5%, which is 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.

Notes to the financial statements (continued)

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 is deemed to be a highly probable future transaction.

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. The amount recognised in other gains and losses is a charge of £15,000 being the reduction in fair value of the time value of the hedge instrument during the period.

#### 4 Tax charge on profit on ordinary activities

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

Corporation tax is calculated at 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:

	<b>2007</b>	2006
	<b>£'000</b>	£'000
Profit before taxation	<b>1,455</b>	3,313
Tax at 28.5%/30% thereon	<b>(415)</b>	(994)
Effects of		
Items not deductible for tax purposes	<b>(157)</b>	86
Rate change	-	3
UK dividend income	<b>12</b>	22
Rate differences on current tax	<b>7</b>	16
Share based payments	<b>(35)</b>	-
	<b>(588)</b>	(867)

#### 5 Distribution to shareholders

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 December 2007	<b>320</b>	1,884
Less amount received on shares held via ESOP	<b>(4)</b>	(33)
	<b>316</b>	1,851

Dividends proposed for the 2008 financial year to be paid in 2009 per 0.5 pence ordinary share are 0.22 pence. 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 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 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.

	<b>2008</b>	2007
	<b>£'000</b>	£'000
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share, being net profit attributable to equity holders of the parent company		
	<b>867</b>	2,446
Other gains and losses	<b>55</b>	(1,203)
Non-recurring expense – Aim costs	<b>655</b>	–
Share-based payments	<b>256</b>	98
Related profit share paid	<b>(63)</b>	132
Taxation impact of the above adjustments	<b>(70)</b>	292
Earnings for the purposes of underlying basic and diluted earnings per share	<b>1,700</b>	1,765
<b>Number of shares</b>		
	<b>'000s</b>	'000s
Weighted average number of ordinary shares	<b>160,857</b>	161,440
Non vested shares held by employee share ownership trust	<b>(2,537)</b>	(2,374)
Basic earnings per share denominator	<b>158,320</b>	159,066
Effect of potential dilutive share options	<b>1,252</b>	522
Diluted earnings per share denominator	<b>159,572</b>	159,588
Basic earnings per share (pence)	<b>0.5</b>	1.5
Diluted earnings per share (pence)	<b>0.5</b>	1.5
Underlying basic earnings per share (pence)	<b>1.1</b>	1.1
Underlying diluted earnings per share (pence)	<b>1.1</b>	1.1

## Notes to the financial statements (continued)

### 7 Notes to the cash flow statement

	2008 £'000	2007 £'000
Operating profit / (loss)	1,306	1,163
AIM costs	(924)	-
Other gains and losses	(143)	(118)
Depreciation of property, plant and equipment	73	75
Amortisation of intangible assets	16	16
Share-based payments	289	18
<b>Operating cash flows before movement in working capital</b>	<b>617</b>	<b>1,154</b>
Decrease/(increase) in receivables	(944)	506
(Decrease)/increase in payables	242	(454)
Cash generated by operations	(85)	1,206
Income taxes paid	(789)	(970)
Net cash from operating activities	(874)	236

### 8 Preliminary announcement

The financial information set out in this announcement does not constitute the Group's statutory accounts for the years ended 31 December 2008 or 2007. The financial information for the year ended 31 December 2007 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s237 (2) or (3) Companies Act 1985. The audit of the statutory accounts for the year ended 31 December 2008 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting.

### 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.shareplc.com](http://www.shareplc.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 Friday 12 June 2009. Notice of the AGM will be dispatched to shareholders with the Group's report and accounts.