

2006 Interim review

Turnover increased 19% to £5.4 million
(2005: £4.5 million)

Operating profit £0.3 million
(2005: £0.3 million)

Pre tax profits £2.3 million
(2005: £2.0 million)

Earnings per share 1.0p (2005: 0.9p)

Strong balance sheet with £12.8 million
(2005 £9.8 million) cash and no debt

Chairman's statement

Share plc, parent company of The Share Centre, presents its interim results for the half-year ended 30 June 2006, with a strong increase in turnover of 18.8% to £5.4 m (2005: £4.5m) and, allowing for sales of and capital returns from London Stock Exchange shares, an increase in profit before taxation from £2.0m to £2.3m. Earnings per share increased to 1.0p (2005: 0.9p).

Operating Results

Strong market conditions for the first four months combined with an active promotional campaign enabled the company to absorb the increased promotional spending, highlighted in our preliminary announcement in March, more readily than anticipated. Therefore, notwithstanding increased spending on our retail sales initiative of £0.9m (2005: £0.2m), operating profit remained at £0.3m (2005: £0.3m). It should be noted that this operating profit is also after a charge of £0.2m (2005: £0.2m) arising from staff bonuses related directly to our London Stock Exchange share disposals. Increasing activity benefited all areas of the Group's performance, but dealing activity was particularly buoyant with transactions up 18.6% on the same period last year.

Sales and capital returns from our holding in London Stock Exchange plc contributed a £1.6m profit (2005: £1.4m), and we continue to hold 252,941 shares. The share price remains strong, notwithstanding the New York Stock Exchange bid for Euronext, and our strategy of staged disposal which we have adopted over the past 4 years continues to serve us well.

Business Development

A steadily rising market accompanied strong volumes of trading until fears over rising interest rates interrupted the flow. Immediately after the turn in May, we experienced particularly heavy trading, an indication of the effectiveness of our "tracking stop-loss" limit facilities. Investors have made good use of our new website over the first six months of 2006, a period in which we have recorded over 128 million "hits" on www.share.com. New facilities introduced include "Mirror Accounts", which enable customers to record assets held elsewhere, and "Practise Accounts", which are useful for early stage investors or to try out new strategies.

We anticipated significant promotional spend in our 2005 Annual Review, and the first six months of activity has provided valuable experience for future activities, and an encouraging flow of registrations and new accounts. Child Trust Funds have been a particularly strong feature, with

over 31,000 HM Revenue and Customs-allocated accounts being opened with us so far this year. Investors' holdings of unit trusts and Open Ended Investment Companies have also risen sharply, largely due to our new focus on investment funds.

Corporate developments over the half-year have also been active, as we have seen increased interest in Share Incentive Plans, EIS Fund Administration and 'white-labelled' share services. Meanwhile ShareMark has built its advisers' network over the period, which also saw Countrywide Farmers admitted for trading.

We have also campaigned hard on the long-standing issue of nominee shareholder rights, forming a Shareholders' Alliance in pursuit of significant changes to the Companies Bill now passing through Parliament. As a result of our efforts, the Bill was amended in the House of Lords by 153 votes to 146, then on 20 July the Government accepted the case for nominee shareholder enfranchisement with a completely revised Part 9 of the Bill. This was achieved by consensus not only within the political parties but also within the securities industry, and presents a major opportunity to give new life to personal share-ownership. It will affect nominee shareholdings in all listed companies, including those in Personal Equity Plans, Individual Savings Accounts, Self-Invested Pension Plans, Share Incentive Plans and Child Trust Funds, as well as those bought through internet stockbroking services.

Outlook and Trading Update

The market has recovered well from its May/June setback, and retail activity is slowly re-building after a quiet period in June which has included diversions such as the World Cup. Following extensive market research we will continue business development activities with particular attention to our extensive customer base, and hope to focus promotional activities more effectively on the basis of the first six months' experience.

While sounding a more cautionary note than at our AGM in June due to the recent volatility and resultant markedly lower levels of market activity, which directly impact on our commission earnings, your Board remains optimistic that full-year results for operational performance will be somewhat better than anticipated in our preliminary announcement in March. The Board will also continue to monitor developments at the London Stock Exchange in respect of our remaining holding.

Sir Martin Jacomb, Chairman 15th August 2006

Consolidated profit and loss account

For the six months ended 30 June 2006

	Note	Half year 30 June 2006 (unaudited) £'000	Half year 30 June 2005 (unaudited) £'000	Year 31 December 2005 (audited) £'000
Turnover		5,367	4,517	9,427
Administrative expenses		(5,095)	(4,246)	(8,468)
Operating profit		272	271	959
Profit on sale of fixed assets investments		1,576	1,362	1,362
Dividends receivable		127	68	112
Interest receivable		319	282	574
Interest payable		-	(1)	(10)
Profit on ordinary activities before taxation		2,294	1,982	2,997
Taxation	2	(694)	(595)	(720)
Profit on ordinary activities after taxation		1,600	1,387	2,277
Distribution to shareholders	3	(251)	(219)	(219)
Retained profit for the period		1,349	1,168	2,058
Earnings per share	4	1.0p	0.9p	1.4p
Diluted earnings per share	4	1.0p	0.9p	1.4p

There are no recognised gains or losses for the current or prior periods other than stated above. Accordingly no statement of total recognised gains and losses is given.

Consolidated balance sheet

	Note	30 June 2006 (unaudited) £'000	30 June 2005 (unaudited) £'000	31 December 2005 (audited) £'000
Fixed assets				
Intangible		92	116	100
Tangible		179	113	135
Investments		218	217	217
		489	446	452
Current assets				
Debtors		5,993	5,742	5,627
Cash at bank and in hand	5	12,834	9,848	10,298
		18,827	15,590	15,925
Creditors: amounts falling due within one year		(7,751)	(6,606)	(6,125)
Net current assets		11,076	8,984	9,800
Total assets less current liabilities		11,565	9,430	10,252
Capital and reserves				
Called up share capital		798	798	798
Share premium account		29	29	29
Employee benefit reserve		(406)	(334)	(370)
Profit and loss account		11,144	8,937	9,795
Equity shareholders' funds	6	11,565	9,430	10,252

Consolidated cash flow statement

	Note	Half year 30 June 2006 (unaudited) £'000	Half year 30 June 2005 (unaudited) £'000	Year 31 December 2005 (audited) £'000
Net cash (outflow)/inflow from operating activities	7	1,144	(89)	680
Interest received		319	282	574
Interest paid		-	(1)	(10)
Dividend received		127	65	112
Net cash inflow from returns on investments and servicing of finance		446	346	676
Taxation paid		(266)	(360)	(836)
Capital expenditure				
Payments to acquire tangible fixed assets		(76)	(39)	(90)
Receipts from sale of investments		1,589	1,362	1,362
Payments to acquire shares for employee benefit trust		(85)	(115)	(231)
Receipts from sale of shares from the employee benefit trust to employees exercising share options		35	31	75
Net cash inflow/(outflow) from capital expenditure		1,463	1,239	1,116
Equity dividends paid		(251)	(219)	(219)
Net cash inflow before financing		2,536	917	1,417
Financing				
Redemption of convertible loan stock		-	-	(50)
Net cash (outflow) from financing		-	-	(50)
Increase/(Decrease) in cash		2,536	917	1,367

Notes to the accounts

1 Basis of preparation

This interim statement has been prepared on the basis of accounting policies set out in the Group financial statements for the year ended 31 December 2005.

The financial information as set out in this statement is unaudited and does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985.

The comparative figures for the year ended 31 December 2005 have been taken from, but do not constitute, the Company's statutory financial statements for that financial year. Those financial statements have been reported on by the Company's auditors and delivered to the Registrar of Companies. Their report was unqualified and did not contain a statement made under either section 237(2) of the Companies Act 1985 (accounting records or returns inadequate or accounts not agreeing with records or returns) or section 237(3) (failure to obtain necessary information and explanations).

2 Taxation

The charge to taxation is an estimate based on the anticipated effective rate of tax for the year ending 31 December 2006.

3 Distribution to shareholders

	30 June 2006 £'000	30 June 2005 £'000	31 December 2005 £'000
Final dividend proposed in previous year paid in current year per 0.5p ordinary share – 0.16p (2005: 0.1452p)	255	222	222
Less amount received on shares held via ESOP	(4)	(3)	(3)
	251	219	219

4 Earnings per share

	30 June 2006 £'000	30 June 2005 £'000	31 December 2005 £'000
Profit for the period	1,600	1,387	2,277
Loan interest on convertible loan stock	0	1	4
Basic earnings attributable to ordinary shareholders	1,600	1,388	2,281
Diluted earnings attributable to ordinary shareholders	1,600	1,388	2,281
Weighted average number of ordinary shares	161,107	161,420	159,830
Non vested shares held by employee share ownership trusts	(2,717)	(2,404)	(2,453)
Effect of potential dilutive share options	291	242	236
Adjusted weighted average number of ordinary shares	158,681	159,258	157,613

4 Earnings per share (continued)

	Pence per share	Pence per share	Pence per share
Basic earnings per share	1.0	0.9	1.4
Diluted earnings per share	1.0	0.9	1.4

5 Cash at bank and in hand

	30 June 2006 £'000	30 June 2005 £'000	31 December 2005 £'000
Cash	11,270	7,875	8,283
Cash held on trust for clients (a)	1,564	1,973	2,015
	12,834	9,848	10,298

(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 2006 segregated deposit amounts held by the Group on behalf of clients in accordance with the client money rules of the Financial Services Authority amounted to £78.4 million (2005: £68.2 million). The Group has no beneficial interest in these deposits and accordingly they are not included on the balance sheet.

6 Movement on consolidated shareholders' funds and statement of movements in reserves

	Total £'000	Issued share capital £'000	Share premium account £'000	Employees benefit reserve £'000	Profit and Loss account £'000
At 1 January 2006	10,252	798	29	(370)	9,795
Purchase of ESOP shares	(85)	-	-	(85)	-
Sale of ESOP shares	35	-	-	35	-
Profit on sale of ESOP shares and dividends received	14	-	-	14	1
Retained profit for the period	1,349	-	-	-	1,349
At 30 June 2006	11,565	798	29	(406)	11,144

7 Cash flow

Reconciliation of operating profit to net cash inflow from operating activities

	30 June 2006 £'000	30 June 2005 £'000	31 December 2005 £'000
Operating profit	272	271	959
Depreciation and amortisation charges	40	62	107
(Increase) in debtors	(366)	(859)	(634)
Increase in creditors falling due within on year	1,198	437	248
Net cash (outflow)/inflow from operating activities	1,144	(89)	680

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