

shareplc:

annual
report
2007

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Shares traded on Sharemark may not be suitable for every investor. Prices of shares traded on Sharemark may fluctuate and could be subject to sudden and large falls in value against your interests. As a result you may, as with all shares, get back less than your initial investment. Before investing in any company, you should satisfy yourself that you can afford to do so, and ensure the investment is right for you. If you are in any doubt about whether to buy or sell, you should speak to a financial adviser. Neither The Share Centre nor Sharemark can give you advice on shares traded on Sharemark.

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

Who we are

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

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

The Share Centre (Administration Services) Limited The services company through which systems and special projects are operated.

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

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

Sharefunds Limited The investment management and fund administration subsidiary of the Group.

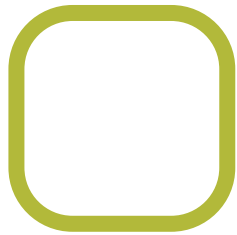
Sharesecure Limited The corporate trustee for participants in Share Incentive Plans.

Share Nominees Limited and Stock Academy Nominees Limited The non-trading “bare trustee” companies which act as nominee custodians of our customers’ individual shareholdings, thereby ring fencing them from our own assets.

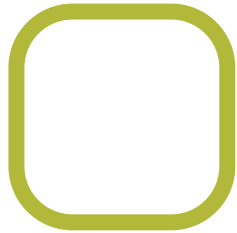
Personal Retirement Account Limited The company which protects the name of our pension service, operated by The Share Centre Limited in association with Sipdeal.



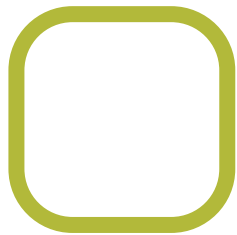
Turnover rises by 10.4% to £11.7 million
(2006: £10.6 million)



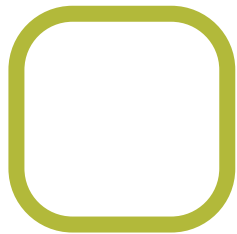
Operating profit rises by 5.5% to £1.2 million
(2006: £1.1 million)



Underlying* basic and diluted earnings per share increase by 20.7% to 1.1p (2006: 0.9p)



Basic and diluted earnings per share 1.5p
(2006: 1.6p and 1.5p respectively)



Proposed ordinary dividend per share increases by 11.1% to 0.20p (2006: 0.18p)



Strong balance sheet with £11.6 million in cash and cash equivalents (2006: £12.1 million)

* excludes 'Other gains and losses' and one-off income or expense as defined in note 15.

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Chairman's Statement

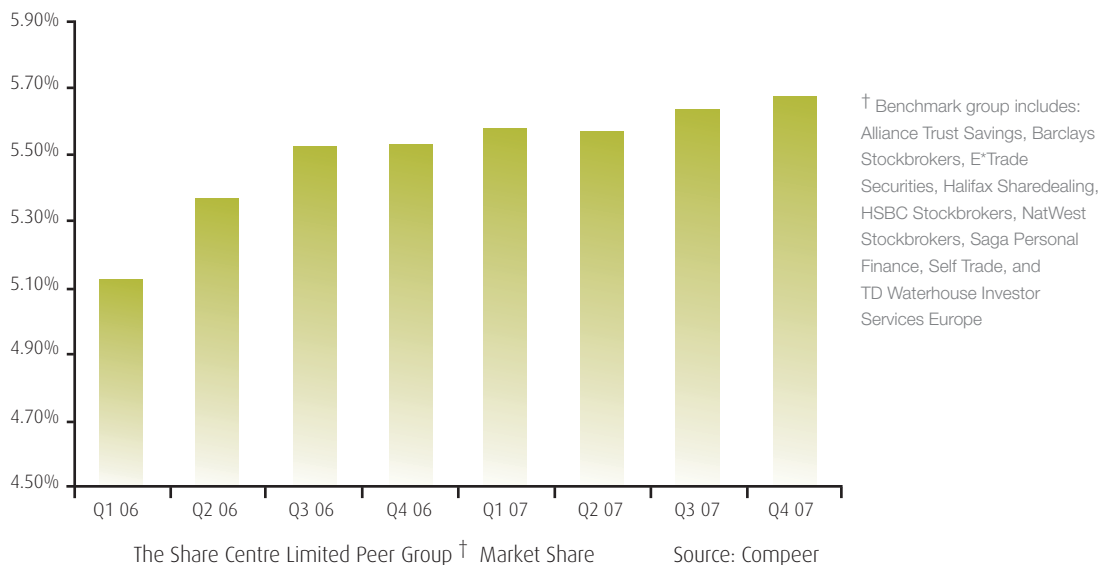
A close-up portrait of Sir Martin Jacomb, an elderly man with white hair and blue eyes, wearing a dark suit, a pink and white striped shirt, and a red and blue patterned tie. The background is blurred.

Sir Martin Jacomb, 78 Chairman, non-executive director

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

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 figures and presentational aspects of the accounts have been adjusted and therefore may look somewhat different compared to prior years. 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 recognised income and expense' – which shows any gains or losses which have been taken directly to shareholders' funds.



Chairman's Statement

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 such as the profits on the sale of London Stock Exchange plc shares, 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 3.8%. 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 2008, we launched our Free Shares Offer, Funds ISA and new Funds 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.

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



Sir Martin Jacomb, Chairman
17 March 2008



Expert advice

Business Review

A close-up portrait of Gavin Oldham, a middle-aged man with short, light-colored hair, wearing glasses and a dark suit jacket over a light-colored shirt. He is smiling slightly and looking towards the camera. The background is a soft, out-of-focus green.

Gavin Oldham, 58 Chief Executive

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

Strategy 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, 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 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 2008'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.

Sales and Marketing Activity



Guy Knight, 49
Sales and Marketing Director

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

Building a brand Those familiar with The Share Centre over the years will have noted the transformation in the 'look and feel' of our corporate brand as our new and vibrant image was introduced in 2005. The transformation has been focused on the visual, given that the core of our corporate values – expressed daily by the behaviour of our managers and staff – is unchanged.

2007 saw a marked increase in the volume of coverage of The Share Centre in printed publications and online. Increasingly, our spokespeople are called upon to comment on economic and business events in addition to bread and butter personal finance issues. Our plain-speaking style and drive to de-mystify potentially confusing elements of our industry continues to contribute to the establishment of our brand.

Online marketing trends The immediacy and almost infinite measurability of online promotional effort has encouraged proportionately more of our marketing spend to be allocated in this direction. This, in turn, has required us to invest more time and effort in our website to ensure that relevant online search phrases or words deliver www.share.com on the first page of search engine results.

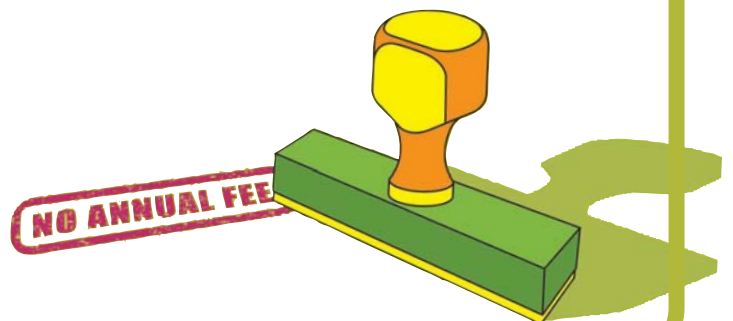
Our challenge in this area is to balance the needs of two different audiences – people and robots. The so-called spiders or robots - programmes sent out by search engines such as Google - crawl over our site looking for a wealth of relevant copy. People, on the other hand, prefer minimal text online, favouring clear, next step instructions. An ongoing programme of optimising our site for search engines whilst ensuring ease of use for our customers continues to deliver excellent results.

Encouraging future customers The Share Centre, unlike the majority of its competitors, is positioned to be attractive to those on the cusp of investing in the stockmarket. Our challenge is to identify this audience, speak to them in their language and to encourage them to try some of our services. To address the latter task, we produce and promote free investment guides and allow registrants on our website to use the majority of the facilities enjoyed by our own customers. Practice accounts can be opened and investment pickers and calculators used in a straightforward 'try before you buy' manner.

Retaining existing customers It is said in the world of stockbroking that customers are more likely to leave their existing provider because they have been 'pushed' by continued dissatisfaction rather than having been 'pulled' by attractive offers or pricing promoted by competing firms.

The combination of customer satisfaction research, increasingly active online customer involvement and questions and comments posted on our online feedback forum, keeps us on our toes and feeling our customers' pulses. These in turn contribute to product and service developments and the content and frequency of our customer communications.

Corporate sales Dogged determination and persistence are pre-requisite for securing business-to-business contracts. In our estimation, it can take two to three years from initial meeting to signing of a corporate contract. During the year we have delivered a new white-label sharedealing service for EveryInvestor, acquired two portfolios of PEPs and ISAs from major financial services firms and gained a continuous stream of EIS launches for us to administer.





Jeremy Helliwell, 52
Operations Director

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

Operational Progress

Building on an established brand The Share Centre brand in its current form has now been promoted for two full years and as such has become a central and established part of the Share plc Group. During 2007 the Group continued its programme of investment in marketing activity to build further on this brand. In addition to promoting the company in printed media and online, a greater emphasis on public relations activity has resulted in more frequent and wider press coverage as The Share Centre's spokespeople are increasingly sought by journalists for comment.

Customers using our website, www.share.com, benefited from continued improvements and developments, including the ability for customers to trade funds online and the provision of a weekly share recommendation by e-mail. During the year we also increased the use of campaign-specific landing pages; these provide relevant signposts into our main website for those customers and potential customers responding to our online advertising. Towards the end of the year we undertook research into the usability and clarity of our online offering and this should result in further improvements during 2008. As it is now one of the principal means by which prospects and customers interact with our business it is important that the website continues to offer the best possible, easy-to-use service to those personal investors.

Service developments Over the past 2 to 3 years our strategy has developed to satisfy the increasing demand from investors to diversify their investments through funds. These collective investments are particularly helpful for early stage investors and those wishing to invest in specific overseas markets and benefit from the investment experience of others. We started by re-examining our role and concluding that, with one exception, we should act as agent, providing our customers with access to a wide choice of funds and plenty of information and advice on their various merits. We also continue to provide corporate administration services to fund managers.

So, over the past year, we restructured our two former in-house funds: the 'Growth and Income Fund' which has become the SF Delmore Growth and Income Fund, and is now managed by Delmore Asset Management, but administered by our Group company, Sharefunds; and the 'Global Fund' which has been transferred to Premier Asset Management. We have developed a comprehensive fund supermarket on www.share.com which includes over 1,500 funds and have developed the capacity of our advice team to include guidance

on fund choice. We have also streamlined dealing in funds, so that orders can be placed online for direct account dealing.

The one important exception is the provision of three Funds of Funds managed by The Share Centre's sister company, Sharefunds, and designed to meet the needs of investors with varying risk appetites. These 'Cautious', 'Positive' and 'Adventurous' funds thereby enable investors to invest in a well-balanced and diversified portfolio, constructed to manage overall risk, according to one of three levels, in a cost-effective way.

All these changes were necessary precursors to the combined launch of our new Funds ISA and Funds of Funds in January 2008, which is intended to be one of the most flexible services in funds available in the market. The ISA market is highly competitive and we are pleased to offer a service free of our usual annual administration fee as we have now done through the new Funds ISA.

Significant changes are taking place in the ISA and PEP regimes in April 2008, and our focus on them is designed to give us the best possible prospect of increasing market share in this important area. So during the year we took the opportunity to acquire two further blocks of PEP and ISA administration business. PEPs will become ISAs in April as a result of the Government's changes, and we welcome their commitment to ISAs as a permanent feature of the personal investment landscape.

Customer service focus We have a strong customer service team at The Share Centre which has been further expanded and developed during 2007. Combined with the dedicated dealing team who handle customers' trades over the telephone and the advice team which offers advice to registered customers on investments and their financial position more generally, the trained customer-facing staff now account for almost 40% of our total headcount. This highlights the importance the Group places on the customer and their needs.

As required by the Financial Services Authority (FSA), the Group has fully documented complaints procedures and the number and nature of any complaints is closely monitored. The focus on high quality customer service ensures in all cases that customer concerns are addressed and any mistakes or omissions made are corrected at the earliest opportunity. All customers have the right to escalate any complaint beyond the internal procedures to the Financial

Ombudsman Service (FOS). We continue to have a relatively low level of complaints referred to the FOS with just five cases being escalated during 2007 (2006: three) with none of those being upheld against the us.

A further aspect of regulation in respect of the customer relationship is the requirement to demonstrate that the Group treats all customers fairly. The Treating Customers Fairly (TCF) approach of the regulator is reflected in the strong customer-centric culture within the Group and in line with that approach, under the guidance of a specific project team, TCF forms part of business discussions throughout the organisation with any improvements to processes or procedures made where appropriate.

Our advice team continues to offer expert telephone advice to registered customers, a valuable service which helps differentiate us from other providers and which is a key part of our desire to aid the retail investor. In addition, customers also receive copies of our quarterly magazine, *The Shareholder*, which includes a variety of articles and themed pieces often on topical issues.



Peter Forster, 59
Business Development Director

Drawing on his extensive network of contacts across the financial services sector, Peter provides pivotal links between The Share Centre and its corporate clients, establishing new relationships and deepening and extending existing connections to provide mutually profitable services. Peter was formerly Head of Operations, Barclayshare Limited from 1986 to 1991.



Treating
customers
fairly

Infrastructure The smooth operation of our business, particularly with an increasing emphasis on interaction with our customers through the internet, is dependent on our information technology systems, databases and web interface. We are constantly updating and improving these systems and 2007 saw the investment in, and smooth migration to, new server technology enabling the process of migrating aspects of our systems away from legacy programming languages. We are also continually reviewing our back office processes and undertaking specific projects where appropriate to ensure our systems operate as efficiently as possible and meet our needs, now and in the future.

In a world of threats and uncertainty it is essential that we have robust business continuity plans should our operations be disrupted. To that end, in addition to back up processes and procedures on site, we rent a permanent operational facility in a different geographical location to which we can relocate core staff and operations should our ability to operate from our existing site and systems be impaired. These business continuity plans are regularly tested to ensure their effectiveness and are reviewed by our auditors and corporate partners.

People Based in one site in Aylesbury, Buckinghamshire, we are well positioned to attract talented staff, many of whom have experience of working in similar environments in the City. We have sufficient room within our facilities in Aylesbury to accommodate planned expansion for the foreseeable future.

The high quality staff we employ are critical for providing excellent customer service and efficient operating processes. The Group invests heavily in training at all levels within the business and our employment terms, including a wide range of benefits, are guided by best practice and regularly benchmarked against the financial services industry. Regular update meetings are held with staff to share with them details of the Group's progress. The Share Centre has attained and maintained the Investors in People accreditation, recognition of the investment it makes in this area. The Share Centre also operates within the requirements of the ISO 9001:2000 quality mark.

Corporate services The Group has always investigated alternative distribution channels for the introduction of new business. In the 1990s these were often new issues and associated share services, but over the past 10 years we have also developed a range of self-select investment

services which we administer for other companies. These include Virgin Money, This Is Money, MoneyExtra and 0800 Shares, and work has been undertaken during 2007 to improve the presentation and ease-of-use of these actively promoted services. We have also introduced new services for a number of other organisations including National Grid and we have been appointed as a personal account dealing provider for the staff of a large global asset manager.

The Share Centre is also active in administering a range of corporate Share Incentive Plans, and in the field of Enterprise Investment Scheme administration. In this latter area new schemes including those managed by Stargate Capital Management Limited and Foresight Group were added during the year.

Sharemark and Sharefunds 2007 saw the launch of Investbx, the new West Midlands regional trading platform administered by The Share Centre, with a market facility based on Sharemark, The Share Centre's own multilateral trading facility. The Share Centre provides a wide range of support, in addition to the Sharemark market, including full new issue, dealing and custodian administration for investors using the service. Investbx is an Appointed Representative of The Share Centre and we also therefore provide close compliance support. Investbx has successfully completed its first company introduction and currently has a number of other companies at or approaching the fundraising stage.

In addition, we have also welcomed a number of companies on to Sharemark directly and have seen a significant increase in dealing volumes in those stocks traded on Sharemark.

The Group's fund management company, Sharefunds, has developed its business further in 2007 following the reorganisation of our in-house funds. It manages not only the new Funds of Funds, but also acts as Authorised Corporate Director of the SF Delmore Growth and Income Fund (managed by Delmore Asset Management), and a new smaller companies fund managed by t1ps Investment Management. It also oversees the administration of the Arc European Property Fund and is seeking further administration opportunities during 2008.

Compliance Share plc's principal operating company is The Share Centre Limited, which is authorised and regulated by the FSA (FSA reference number 146768). Its sister company, Sharefunds Limited, is also an FSA authorised entity (FSA reference number 227807).

As a result of being regulated, the Group has to submit a range of monthly, quarterly and annual returns to the FSA as part of their monitoring processes. The Group is of sufficient size to have a designated supervisory contact within the FSA should any issues arise or the Group require any individual guidance.

2007 saw the introduction of the Markets in Financial Instruments Directive (MiFID). This came into force in November and the Group undertook a significant and detailed review of all its processes and procedures to ensure any alterations were made as necessary. Whilst this did not have a major impact on our business, it has resulted in some minor changes. For example, the requirement to send contract notes in respect of every trade has limited the scope of the automatic reinvestment service we offer to customers, with a de minimis level now in place due to the uneconomic requirement to send a contract note for a potentially very small trade.

The Capital Requirements Directive (CRD) has now been implemented and during 2007 the Group undertook the process of completing its initial Internal Capital Adequacy Assessment Process (ICAAP) document. This document sets out an internal assessment of the capital requirements of the business and forms part of an ongoing process of risk and capital adequacy assessment which now forms part of all significant decision-making discussions. This process has been overseen by the Board and the Share plc Risk Committee.

Risk management The Risk Committee is a sub-committee of the Board which reviews and assesses the risks faced by the Group and highlights any areas of potential concern, seeking to address and mitigate those risks.

The Group's compliance team also has a key role to play in risk management and conducts regular reviews of different areas of the business, examining their activities in depth and highlighting any potential areas of weakness. Recommendations for improvements are made and implemented so as to minimize the Group's exposure to risk.

Overall the Group has a risk averse attitude as evidenced by the absence of any outsourcing of business critical processes, in particular systems related activities. Our processes and procedures ensure that cash is received from customers before purchase transactions, and stock is held before sales transactions, are undertaken. The Group takes no market positions on its own account and has no debt on its balance sheet.

The Group is very conscious of the potential for fraud, internal and external, given the high volume and cash based nature of our activities. Internal operations are regularly reviewed and assessed to ensure that appropriate segregation of duties, completion of reconciliations and other checks are in place and working properly. Risk of external fraud is also mitigated by appropriate procedures.

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



Iain Wallace, 38
Compliance and Legal Services Director

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



Here to help

Financial Performance

Adoption of International Financial Reporting Standards (IFRS)

Share plc is not currently listed on a Recognised Investment Exchange but its shares are traded on Sharemark and the Group therefore endeavours to follow the requirements and best practice of AIM traded companies when reporting our financial results. This is also important in the context of the Group seeking admission to AIM.

IFRS is applicable for AIM quoted companies for accounting years starting on or after 1 January 2007. Given Share plc's stated intention to seek admission to AIM, Share plc has adopted IFRS for its 31 December 2007 year end financial statements. This includes the adoption of IFRS 7 Financial Instruments: Disclosure.

The impact of the transition to IFRS for the Share plc Group financial statements is relatively limited but some key aspects should be noted. In particular the balance sheet is now stated at fair value and as such the investments the Group holds in the London Stock Exchange plc and Euroclear plc are now held at fair value rather than at cost. This has added significantly to the Group's assets and has resulted in the creation of significant fair value and revaluation reserves within shareholders' funds.

The same fair value approach has been adopted with regard to the derivative product the Group holds to protect against movements in interest rates below 3.5%. This has resulted in a small gain (£45,000) being recognised in the Income Statement in 2007 as the value of the policy purchased during 2007 had increased by the year end.

The other principal changes in respect of IFRS adoption are largely presentational. This is the case with regard to aspects of the primary statements, including the addition of the new Statement of Recognised Income and Expense, and with regard to the notes to the accounts which typically contain additional disclosures. This is particularly relevant in respect of IFRS 7 and the disclosures of financial instruments and associated risks.

Full reconciliations of the UK GAAP balance sheet and the IFRS balance sheet as at 1 January 2006 and 31 December 2006 are presented in note 36 along with a reconciliation of the Income Statement for the year ended 31 December 2006.

Revenue growth Share plc, through The Share Centre Limited, is principally involved in retail stockbroking for personal investors, with the provision of those services accounting for in excess of 90% of the Group's revenues. The remaining revenues are derived from investor related services provided to corporate clients.

Revenues are generated from three main sources – dealing commission, account administration fees and interest. Revenue showed strong growth across all revenue streams in 2007 as new active Share Accounts and ISAs were opened and PEPs were acquired, and as dealing volumes and market values remained relatively strong throughout the year. In addition the improved treasury management function led to increased interest returns on cash held.

Overall revenues for the Group increased by 10.4% to £11.7m (2006: £10.6m). Fees and interest income provide a stable and recurring source of revenue and in 2007 accounted for 69% of total revenue (2006: 67%).

Investment in marketing and people The Group has continued with its significant investment in marketing which started in 2005. Marketing spend in 2007 was £2.5m (2006: £1.9m). It is now expected to remain at this level going forward, a level which the Board believes is sustainable. Whilst the measurement of the direct impact of this spend is difficult, the benchmarked revenue share key performance indicator noted above and explained on page 22 in more detail highlights the relative revenue performance of our business against our competitors giving an independent measure of the success of this activity. The benchmark performance, in addition to non-financial measures such as response rates and new account openings, are all monitored regularly to ensure this investment is delivering an appropriate level of return.

The headcount of the business increased to 122 at the year end (2006: 110). This reflects the investments being made in recruiting additional customer service and systems staff in particular, both areas which are core to the Group's strategy of high quality customer service. It is also worth noting that, as part of the process leading up to the AIM admission and in line with the desire to increase employee participation in the capital of the business the Group issued a total of 606,690 free shares to staff in December 2007 within the Group's Share Incentive Plan. The cost of this free shares issue is included in the share-based payments charge in the year.

Operating profit The increased investment in marketing clearly has an impact on operating profit with the benefit of revenue growth not fully reflected. The revenue growth enabled the company not only to absorb the marketing spend but also to show an increase in its operating profits. The leverage of revenue growth into increased profitability is expected to be enhanced in future now that marketing spend has reached a stable and sustainable level.

It is also worth noting that the proceeds from the sale of London Stock Exchange plc shares were included in the Group's profit share schemes, the costs of which are included in administrative expenses as a staff cost. In 2007 this had the effect of reducing operating profit by £144,000 (2006: £197,000).

Overall the operating margin was consistent with recent years at 10% (2006: 10%).



Richard Stone, 34
Finance Director

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

Balance sheet The Group maintains a healthy cash position and strong balance sheet. The debtor and creditor positions principally represent our open customer positions with the market – i.e. unsettled customer stock purchases and sales.

As noted above, the adoption of IFRS means that the Group's holdings in the London Stock Exchange plc and Euroclear plc shares are now included on the balance sheet at fair value. During the year the rising London Stock Exchange plc share price enabled the Group to realise further proceeds from its holding, selling a total of 77,941 shares, realising proceeds of £1.16m. The remaining holding of 175,000 at year end (2006: 252,941) had a fair value at 31 December 2007 of £3.5m. The Euroclear plc shares are not traded on an active market but through a bulletin board system operated by Euroclear itself. The fair value of the 6,030 shares held in Euroclear plc as at 31 December 2007 has been recognised as £1.9m based on the last traded price and validated by way of reference to the discounted net asset value per share of the business.

Treasury management The improved treasury management processes established in 2006 have been continued in 2007 with the full year benefit resulting in increased interest income both on client money and the Group's own cash. The Group uses fixed term money market deposits – typically of three months' duration – with two highly rated major banks to enable an increased rate of return. This has been further enhanced during 2007 with higher client cash balances being held, principally as a result of several major corporate takeovers, and through higher rates available as a result of the 'credit crunch'.

The Group continues to maintain an appropriately risk averse approach, hence using only highly rated banks with which to deposit funds. In addition, the Group has historically held, and in 2007 purchased anew, an interest rate floor policy to protect against a situation where interest rates fall below 3.5%. The use of derivatives is described more fully in notes 20 and 21 to the Financial Statements.

Dividends The Group maintains a prudent approach to the distribution of any dividends so as to ensure sufficient resources are retained within the Group to pursue its growth strategy through continued marketing investment and through the ability to execute any acquisition opportunities which may arise.

The Financial Statements show the final dividend paid during the year in respect of the 2006 performance. This included a special dividend of 1.0 pence per share paid to distribute some of the cumulative proceeds from the sale of London

Stock Exchange plc shares from which shareholders had not previously benefited. The Board has proposed a dividend of 0.20 pence per share (2006: 0.18 pence plus 1.0 pence special dividend) an increase of 11% on the prior year. This would represent a total distribution of £312,000.

Capital requirement The Group is required by the FSA to maintain a capital position in terms of financial resources so as to ensure it can always meet its current and anticipated short-term liabilities. This requirement is based on a proportion of the fixed overheads of the business. Under the Capital Requirements Directive (CRD) the Group has completed its initial Internal Capital Adequacy Assessment Process (ICAAP) and through this process the Group is of the view that there is no requirement to hold capital over and above the level determined formulaically based on the Group's fixed overheads. The Group has a strong balance sheet, which has effectively been strengthened in terms of the figures presented as a result of the fair value approach of IFRS in respect of the Group's investments. This has resulted in the Group having a financial resources position at the year end of more than eight times that required by the FSA.



Richard Tolkien, 53
Non-Executive Director

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

A woman wearing a red and white striped knit hat and a light-colored jacket stands in a vast, green grassy field under a blue sky with light clouds. She is holding a large, bright green rectangular sign in front of her chest. The sign has white text that reads "Helping you find your way".

Helping you
find your way

Key Performance Indicators

The Group uses a number of key performance indicators to monitor and measure its progress through the year. These are both quantitative and qualitative and related to activity levels as well as financial metrics. They include:

Business Performance

Market share The principal key performance indicator is the market share of benchmarked retail stockbroking revenues. This is central to the measurement of the Group's success in delivering its growth strategy and is an important guide to the success of the investment being made by the Group in marketing activity. This indicator is based on a peer group of nine other brokers and uses data provided by Compeer, the independent company which provides data and analysis to the stockbroking and fund management communities. This performance indicator showed a relative market share of 5.7% in the fourth quarter of 2007, an increase from 5.5% in the fourth quarter of 2006. This data shows that whilst combined revenue for the other nine participants grew by 9.4% when comparing Q4 2007 to Q4 2006, revenues for Share plc grew by 12.4%.

This performance builds on the growth experienced in 2006 and since the Group started using this key performance indicator in January 2006 the market share relative to this peer group has increased by 10.5%, rising in every quarter bar one.

Customer interaction We measure the levels of interactions with prospective customers through a range of different metrics, including the number of enquiries, account packs distributed, accounts opened and website usage. In 2007 the number of account packs distributed increased by 17% on 2006 and the number of new accounts opened or transferred into The Share Centre was 107% higher than in 2006.

Headcount We monitor levels of headcount on a monthly basis, reviewing the actual values (122 in December 2007 (2006: 110)) against budgeted headcount, and use this data and the changes within it, to assess staff turnover and success in recruiting new staff in line with that budget.

Financial

Revenue We monitor the absolute level of revenue on a monthly basis which totalled £11.7m in 2007 (2006: £10.6m) and assess that against the budget set and forecast expectations. We also monitor the split of revenues between dealing commission, account fees and interest. The split in 2007 was 31%, 44% and 25% respectively (2006: 33%, 45% and 22%). This indicates the high quality of the revenue streams and the large percentage (69% (2006: 67%)) derived from the recurring revenue streams of fees and interest. The changes between 2006 and 2007 indicate the higher customer cash balances and improved treasury management which have boosted interest income relative to the other revenue streams.

Operating margin We review the operating margin on a monthly basis. This was 10% in 2007 (2006: 10%). This demonstrates the ability of the Group to turn revenues into profit. As anticipated this measure continues to be lower than would be expected to be achieved in the longer term for the business, reflecting the impact of the investment being made in marketing activity and the inclusion of London Stock Exchange plc share sale proceeds in profit sharing distributions to staff.

Assets under administration This measure highlights the collective value of investments held by our customers. We look at this in both absolute terms and at the rate of increase. A rate of increase ahead of the rate of growth for the market as a whole indicates that we are adding new accounts, or that existing customers are adding additional funds or transferring investments into their accounts. The

total assets under administration at the end of 2007 had a value of £1.23bn (2006: £1.12bn), representing growth of 9.6% year on year which compared to growth in the FTSE 100 of 3.8%.

Cash flow The Group monitors cash flow on a monthly basis. The cash flow for the full year is presented within the accounts as a primary statement on page 45. This demonstrates the Group's ability to meet its liabilities as well as the efficiency with which profit is turned into cash due to the smooth and efficient processes and settlement systems that the Group operates. The Group was cash generative during the year in terms of its operations although the payment of the special dividend of 1.0p per share in May 2007 and the share repurchase which cost £765,000 in December 2007 meant that overall cash balances were reduced slightly year on year.

Financial resources As a regulated entity the Group is required to maintain a certain level of capital by the FSA. As such we monitor the level of the Group's financial resources regularly, and how that compares to the minimum which we are required to hold. As at 31 December 2007 our financial resources for this purpose were £15.8m, 8.3 times that required by the FSA (2006 under UK GAAP: £10.8m, 4.9 times the requirement). The significant increase relative to 2006 is a function of the adoption of International Financial Reporting Standards and therefore the inclusion at fair value of investments such as that in the London Stock Exchange plc which previously under UK GAAP had a low carrying value based on the cost of those investments.

A woman with long brown hair, wearing a brown and white striped cardigan over a white top and blue jeans, stands on a pebbly beach. She is smiling and holding a bright green rectangular sign with the text 'Plain speaking' in white. The background shows the ocean, a pier, and a cloudy sky.

Plain speaking

Principal Risks and Uncertainties

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

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

Systems failure The operations of the Group are highly dependent on technology. A failure in the Group's core systems or customer interfaces could pose a significant risk to the business. Were it to affect the ability to reconcile accounts or maintain records this could also have regulatory implications.

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

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

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

Corporate and Social Responsibility

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

The directors of Share plc believe the Group has an important role to play in the local community and more broadly.

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

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

Our employees In December 2007 we employed 122 staff, a number which has increased during the year and is expected to grow further.

We are committed to the development of our people and believe all employees should share in the success of the Group. We deliver against this commitment with extensive training provision and through the Group Share Incentive Plan and profit sharing schemes.

We support our employees' personal and professional needs and take a proactive stance on employment policies to ensure we are ahead of corporate best practice in many areas. This includes significant contributions made to staff members' personal pension schemes, sick pay in excess of statutory minimums, sabbatical leave opportunities and flexible working. Over 10% of our work force is part time. We have now also embraced the Government's initiative in respect of childcare vouchers, enabling employees to salary sacrifice from their gross salary in exchange for childcare vouchers thus benefiting from a saving in income tax and national insurance.

We have adopted best practice with regard to all legislation regarding discrimination whether on grounds of disability, age, sex, race or religion, differentiating between employees only on the basis of ability and encouraging all staff to achieve their potential within the workplace.

Share plc aims to provide a safe environment in which to work, and all staff receive appropriate training and workstation assessments to ensure Health and Safety issues are addressed and risks mitigated.

The community We acknowledge that we contribute to the development of the community in which we are based. In addition to providing employment income for a significant number of people and their dependants we also seek where appropriate to support local businesses and charities. For example, we are supporting The Share Foundation in their efforts to provide looked-after children without any parental support in the Buckinghamshire area with an additional contribution to their Child Trust Funds.

We contribute to the work of pfeG, the Personal Finance Education Group, which is implementing FSA policy for financial education in secondary schools throughout England, both financially and by the involvement of our Chief Executive, Gavin Oldham, on its Board of Trustees.

We also seek to support our employees in the involvement they have with their local communities. This may take the form of flexible hours to support voluntary work or financial assistance to support a local charitable effort in which the employee is actively involved.

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

Further environmental impacts arise from the energy we use, which we try to mitigate through increased staff awareness, and through the level of paper we consume. During 2007 we have established a Green Team within the company comprising a cross section of staff dedicated to looking at ways in which we can reduce our environmental impact. This has resulted in dedicated recycling bins being made available throughout the office: for example for paper, cardboard, plastic, cans, and glass, and in a review of paper usage more generally. In addition, the extensive use of electronic communications in delivering our services provides not only opportunities to improve customer facilities but also to minimise our carbon 'footprint'.

Charitable and political donations The Group makes donations to charitable causes throughout the year but cannot respond positively to every request received. In order to prioritise our resources we focus on requests which support the local community and where applicable are in some way linked to the efforts of another stakeholder, often matching funds raised through their efforts. The Share Centre also facilitates and encourages charitable giving by its employees through a monthly 'casual dress' day for which staff can nominate the charity to benefit. A total of almost £2,000 was donated to charity through this route in 2007.

The Group has a policy of making no political donations.

Ethical Share plc is committed to the highest standards of corporate behaviour from its directors and employees, and expects all staff to perform their duties with efficiency and diligence treating others with courtesy. The Group has a strict conflict of interest policy and rules on the acceptance of any gifts, which require any such material gifts to be recorded on a central register maintained by the compliance department.



Thinking for
your future

Directors' Report and Financial Statements

Directors' Report

The directors submit their report and the audited accounts for the year ended 31 December 2007.

Principal activities The business of the Group is made up of two principal fully integrated activities:

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

Review of the business A review of the business during the year is given in the Chairman's Statement and in the enhanced business review on pages 9 to 23 of this Annual Report. Included in those reviews are details of the key performance indicators used by the directors to monitor the Group's performance, along with explanations of the principal risks and uncertainties facing the business, and references to the Group's future prospects. These statements should all be read and considered as part of this Directors' Report.

Results for the year The results for the year ended 31 December 2007 and the financial position at that date are set out in the financial statements. The profit after taxation of the Group amounted to £2,446,000 (2006: £2,445,000).

Dividends and transfers to reserves A final dividend of £312,000 will be proposed at the 2008 Annual General Meeting (2007 - £288,000 and a special dividend of £1,596,000). The retained profit after tax of £2,446,000 (2006: £2,445,000) has been transferred to reserves.

Directors and their interests There were no changes to the Board of directors during the year. The directors who were in office at the end of the year and their interests in the 0.5p ordinary shares of the Company were as follows:

	2007	2006
Sir Martin Jacomb (Chairman)	385,174	218,730
G D R Oldham	124,926,238	124,856,235
P M Forster	84,895	174,534
M J Helliwell	1,937,290	1,937,590
G J Knight	88,765	61,376
R I Tolkien	10,806	-
I P Wallace	171,045	162,393
R W Stone	37,474	10,326

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

Share capital As at 17 March 2008 the following persons or entities had notified the Company in accordance with Section 198 - 208 of the Companies Act 1985 that they held an interest of three percent or more in the issued share capital of the Company:

Shareholder	Holding	Percentage of Issued Share Capital
Cuillin Investments Limited	6,375,000	4%

Acquisition of the Company's own shares Further to the shareholders' resolution of 30 November 2007, the company purchased 3,825,000 ordinary shares with a nominal value of £19,125, and representing 2.4% of the company's called-up ordinary share capital, for a consideration of £765,000. This repurchase followed an historic agreement with the shareholder concerned and enabled the repurchase at a price of 20p per share, a significant discount to the market price traded on Sharemark at the time of the transaction.

Policy on payment to suppliers The Group agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier. At 31 December 2007 Group trade creditors represented approximately 26 days (2006: 31 days).

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

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

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

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

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

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

Charitable and political donations During the year the Group made charitable donations of £4,855 (2006: £2,315).

No political donations were made in the year (2006: £Nil).

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

Employees are kept informed of the Group's progress by quarterly presentations.

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

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

Further information on financial assets and risks is contained within Note 20 to the Financial Statements.

Directors' Report

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

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

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

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

On behalf of the Board



Sir Martin Jacomb, Chairman
17 March 2008

The directors acknowledge the importance of the Combined Code and have complied with its requirements so far as is appropriate to a Group the size and nature of Share plc. Although not required to do so, the directors have decided to provide corporate governance disclosures comparable with those that would be voluntarily provided by an AIM-listed company.

Board For the majority of the year the Board has consisted of six executive directors and two non-executive directors whose biographies are set out within the business review. These biographies demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of strategy and performance which is vital to the success of the Group. The Board is responsible to shareholders for the proper management of the Group. A statement of directors' responsibilities in respect of the financial statements is set out on page 31 and a statement of going concern is set out on page 34.

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

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

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

Risk management and internal control The Board has overall responsibility for risk management and internal controls. The schedule of matters reserved for the Board ensures that the directors maintain full and effective control over all significant strategic, financial, organisational and compliance issues.

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

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

Going concern The directors have satisfied themselves that at the date of approval of these financial statements the Group has adequate resources to continue in operational existence for the foreseeable future, and for this reason the financial statements for the year ended 31 December 2007 have been prepared on a going concern basis.

Relations with shareholders The Board recognises the importance of communications with shareholders. The Chairman's Statement and the business review in this Annual Report include a detailed consideration of the business, its strategy, operations and future prospects. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. All directors are available at Annual General Meetings to answer questions. The proxy votes cast on each resolution proposed at general meetings are disclosed at those meetings.

As stated in the Corporate Governance Statement on pages 33 and 34, the Company acknowledges the importance of the Combined Code and has complied with its requirements so far as is appropriate to a Group of the size and nature of Share plc. The Directors' Remuneration Report is made voluntarily but complies with the Directors' Remuneration Report Regulations 2002 and describes how the Board has applied the principles of good governance relating to directors' remuneration.

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

Unaudited Information

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

The membership of the committee is:

Sir Martin Jacomb (Chairman)

G D R Oldham

R I Tolkien

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

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

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

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

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

Sales commission P M Forster receives sales commission based on the volume of business introduced and does not benefit from profit related pay, except that element of profit share paid in respect of the proceeds from the sale of London Stock Exchange plc shares.

Profit share G J Knight receives a bonus based on the growth in sales and operating profit generated from year to year. A proportion of this bonus, currently 25%, is paid by way of shares in Share plc and the Company will grant one share option for every two shares purchased.

The Company operates a profit sharing arrangement for its executive directors who do not receive sales commission thereby ensuring that the interests of shareholders and executives in sustaining increased profits are closely aligned and risks and rewards are shared.

Pensions Executive directors are responsible for their own pension arrangements and are eligible, with the exception of Peter Forster, to receive an additional 8% of their annual salary payable into their personal money purchase pension scheme.

Directors' Remuneration Report (continued)

Share options Executive directors are eligible to participate in the Company's share option schemes. Details of the schemes are provided in note 32 and 33 to the financial statements. The committee ensures that awards are made within the overall limits authorised by the shareholders and at an appropriate level for an individual, taking into account their role, contribution to the business, previous option grants and market practice.

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

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

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

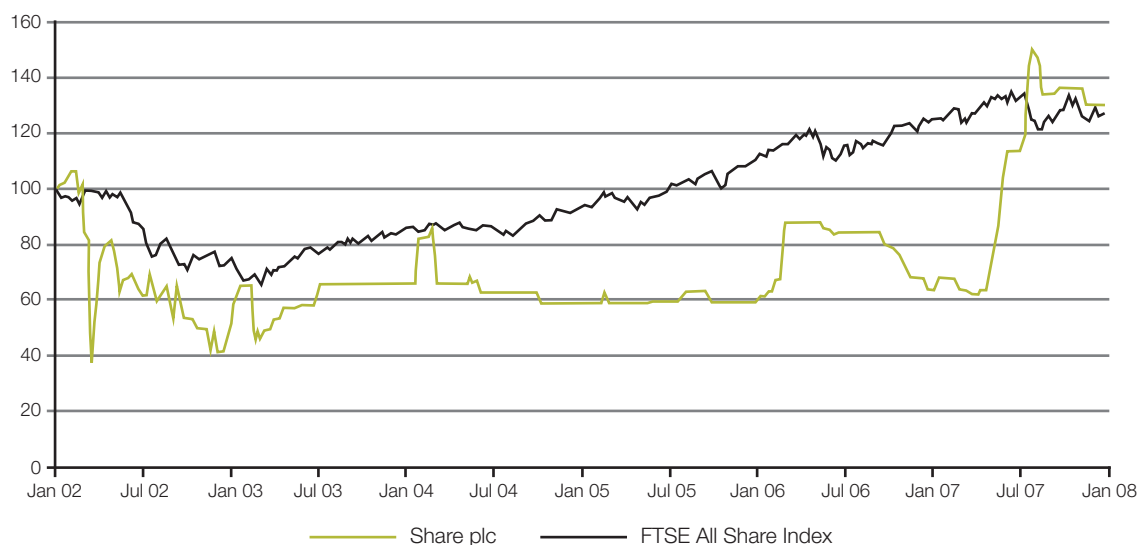
	Date of service agreement	Notice period (months)
Sir M Jacomb	25 February 2002	1
G D R Oldham	5 February 2000	12
P M Forster	15 September 2004	6
M J Helliwell	1 September 1998	6
G J Knight	6 April 2005	6
R I Tolkien	25 January 2005	1
I P Wallace	11 December 1999	6
R W Stone	10 July 2006	6

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

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

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

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



Audited Information

Directors' emoluments

	Salary/ fees £	Benefits £	Sales Commission £	One off payment ¹	Profit share £	2007 Total £	2007 Pension £	2006 Total £	2006 Pension £
Sir Martin Jacomb	22,533	-	-	-	-	22,533	-	16,667	-
G D R Oldham	109,333	6,480	-	6,000	42,628	164,441	8,780	199,063	8,321
P M Forster	31,333	784	29,634	-	2,102	63,853	-	44,338	-
M J Helliwell	97,667	5,500	-	-	38,087	141,254	7,840	173,074	7,467
G J Knight	97,667	6,480	-	-	24,039	128,186	7,840	153,772	7,467
R W Stone	91,123	6,480	-	-	40,968	138,571	7,560	64,009	3,000
R I Tolkien	18,940	-	-	-	-	18,940	-	15,875	-
I P Wallace	99,667	6,480	-	-	38,867	145,014	8,000	176,193	7,573
	568,263	32,204	29,634	6,000	186,691	822,792	40,020	842,991	33,828

¹ This additional remuneration payment is equivalent to the value of the contribution that the Company would have made had G D R Oldham been entitled to participate in the Company's Share Incentive Plan.

Directors' Remuneration Report (continued)

Directors' share options Under the Company's executive share option scheme and Enterprise Management Incentive scheme, as at 31 December 2007 options were held by directors over Ordinary 0.5p shares as follows:

		At 1 Jan 2007	Granted in year	Cancelled in year	At 31 Dec 2007	Date of grant	Exercise price	Date First exercisable	Expiry
Sir Martin Jacobm	(U)	165,000	-	-	165,000	15/11/01	20p	21/06/04	15/11/11
G J Knight	(E)	7,960	-	-	7,960	8/12/06	16p	8/12/09	8/12/16
R W Stone	(E)	50,000	-	-	50,000	10/07/06	20p	10/07/09	10/07/16
R W Stone	(E)	50,000	-	-	50,000	10/07/06	20p	10/01/11	10/07/16
R W Stone	(E)	50,000	-	-	50,000	10/07/06	20p	10/07/12	10/07/16
R I Tolkien	(U)	100,000	-	-	100,000	21/3/03	12p	21/03/06	21/03/13
I P Wallace	(A)	61,111	-	61,111	-	22/06/01	36p	21/06/04	20/06/11
I P Wallace	(E)	138,889	-	-	138,889	15/11/01	20p	21/06/04	14/11/11
I P Wallace	(E)	200,000	-	-	200,000	15/11/01	20p	21/12/05	14/11/11
I P Wallace	(E)	11,111	-	-	11,111	15/11/01	20p	21/06/07	14/11/11
I P Wallace	(U)	207,778	-	-	207,778	15/11/01	20p	21/06/07	14/11/11
I P Wallace	(U)	200,000	-	-	200,000	21/03/03	12p	21/03/06	21/03/13
I P Wallace	(U)	200,000	-	-	200,000	21/03/03	12p	21/03/07	21/03/13
I P Wallace	(U)	200,000	-	-	200,000	21/03/03	12p	21/03/08	21/03/13
I P Wallace	(U)	-	61,111	-	61,111	19/03/07	36p	19/03/07	20/06/11
R W Stone	(E)	-	50,000	-	50,000	19/03/07	15p	19/03/10	19/03/17
R W Stone	(E)	-	50,000	-	50,000	19/03/07	15p	19/09/11	19/03/17
R W Stone	(E)	-	50,000	-	50,000	19/03/07	15p	19/03/13	19/03/17
G J Knight	(E)	-	75,000	-	75,000	19/03/07	15p	19/03/10	19/03/17
I P Wallace	(E)	-	41,274	-	41,274	02/04/07	14.5p	02/04/10	02/04/17
R W Stone	(E)	-	38,295	-	38,295	02/04/07	14.5p	02/04/10	02/04/17
G J Knight	(E)	-	40,423	-	40,423	02/04/07	14.5p	02/04/10	02/04/17
M J Helliwell	(E)	-	40,423	-	40,423	02/04/07	14.5p	02/04/10	02/04/17
P M Forster	(E)	-	7,781	-	7,781	22/06/07	26p	22/06/10	22/06/17
G D R Oldham	(U)	-	21,937	-	21,937	22/12/07	30p	22/12/07	22/12/17
I P Wallace	(E)	-	19,960	-	19,960	22/12/07	30p	22/12/10	22/12/17
R W Stone	(E)	-	18,973	-	18,973	22/12/07	30p	22/12/10	22/12/17
G J Knight	(E)	-	19,565	-	19,565	22/12/07	30p	22/12/10	22/12/17
M J Helliwell	(E)	-	19,565	-	19,565	22/12/07	30p	22/12/10	22/12/17
P M Forster	(E)	-	7,757	-	7,757	22/12/07	30p	22/12/10	22/12/17
Total		1,641,849	562,064	61,111	2,142,802				

(A) Share options granted under the Company's approved share option scheme

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

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

Options over 45,103 shares were granted to G D R Oldham on 2 April 2007 under the unapproved share option scheme and were exercised on 19 April 2007. The exercise price was 14.5p being the market price on 2 April 2007.

The market price of the Company's ordinary shares at 31 December 2007 was 30.0 pence and their price had ranged from 14.5p to 35.0p during the financial year.

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

Resolution A resolution to shareholders to adopt the Directors' Remuneration Report will be put forward at the Annual General Meeting.

Approved by the Board and signed on its behalf.

Martin W. Jacomb

Sir Martin Jacomb, Remuneration Committee Chairman
17 March 2008

Independent Auditor's Report to the members of Share plc

We have audited the Group and parent Company financial statements (the "financial statements") of Share plc for the year ended 31 December 2007 which comprise the Group Income Statement, the Group Statement of Recognised Income and Expense, the Group and Company Balance Sheets and the Group and Company Cash Flow Statements along with the related notes 1 to 36. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

We read other information contained in the Annual Report as listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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

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

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's and the parent Company's affairs as at 31 December 2007 and of the Group's profit for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Separate opinion in relation to IFRS As explained in Note 2 to the Group financial statements, the Group in addition to complying with its legal obligations to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Bristol, UK

17 March 2008

Consolidated Income Statement

For the year ended Decemeber 2007	Notes	2007 £'000	2006 £'000
Revenue	5	11,721	10,618
Administrative expenses		(10,558)	(9,515)
Operating profit	8	1,163	1,103
Investment revenues	11	947	789
Other gains and losses	12	1,203	1,514
Profit before taxation		3,313	3,406
Taxation	13	(867)	(961)
Profit for the period		2,446	2,445
Basic earnings per share*	15	1.5p	1.6p
Diluted earnings per share*	15	1.5p	1.5p

All results are in respect of continuing operations.

* The directors consider that the underlying earnings per share as presented in note 15 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 Recognised Income and Expense

For the year ended 31 December 2007	Notes	2007	2006
		£'000	£'000
Gains on revaluation of available-for-sale investments taken to equity	25	1,492	2,352
Exchange gains on available-for-sale investments taken directly to equity		175	-
Tax on items taken directly to equity		(496)	(705)
Net income recognised directly in equity		1,171	1,647
Transfers			
Transferred to profit or loss on the sale of available-for-sale investments	25	(1,163)	(1,589)
Tax on transfers from equity		350	477
		358	535
Profit for the year		2,446	2,445
Total recognised income for the year		2,804	2,980
Attributable to equity shareholders		2,804	2,980

The Company has no recognised income or expense other than profit for the period. In 2007 this was £2,358,000 (2006: a loss of £199,000).

Consolidated and Company Balance Sheets

At 31 December 2007

	Notes	Group 2007 £'000	2006 £'000	Company 2007 £'000	2006 £'000
Non-current assets					
Intangible assets	16	68	84	-	-
Property, plant and equipment	17	156	184	-	-
Available-for-sale investments	18	5,373	4,869	-	-
Investment in subsidiaries	19	-	-	264	264
		5,597	5,137	264	264
Current assets					
Trade and other receivables	20	5,717	6,223	150	150
Cash and cash equivalents	20	11,642	12,053	703	1,071
Derivative financial instruments	21	135	-	-	-
Deferred tax assets	22	178	69	-	-
		17,672	18,345	853	1,221
Total assets		23,269	23,482	1,117	1,485
Current liabilities					
Trade and other payables	23	(5,456)	(5,909)	(257)	(244)
Current tax liabilities		(463)	(551)	-	-
		(5,919)	(6,460)	(257)	(244)
Net current assets		11,753	11,885	596	977
Non-current liabilities					
Deferred tax liabilities	22	(1,454)	(1,406)	-	-
Total liabilities		(7,373)	(7,866)	-	-
Net assets		15,896	15,616	860	1,241
Equity					
Share capital	24	779	798	779	798
Capital redemption reserve	26	19	-	19	-
Share premium account	28	29	29	29	29
Employee benefit reserve	27	(439)	(416)	-	-
Retained earnings	29	11,893	11,920	33	414
Revaluation reserve	25	3,615	3,285	-	-
Equity shareholders' funds		15,896	15,616	860	1,241

These financial statements were approved by the Board on 17 March 2008.

Signed on behalf of the Board

Martin W. Jacomb

Sir Martin Jacomb

Consolidated and Company Cash Flow Statement

For the year ended 31 December 2007

	Notes	Group 2007 £'000	2006 £'000	Company 2007 £'000	2006 £'000
Net cash from operating activities	30	236	(252)	(272)	(222)
Investing activities					
Interest received		811	662	41	52
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	41	52
Financing activities					
Equity dividends received		-	-	2,602	-
Equity dividends paid		(1,851)	(251)	(1,884)	(255)
Share capital redemption		(765)	-	(765)	-
Capital contribution to subsidiary company		-	-	(90)	-
Net cash used in financing		(2,616)	(251)	(137)	(255)
Net (decrease)/increase in cash and cash equivalents		(411)	1,755	(368)	(425)
Cash and cash equivalents at the beginning of the year		12,053	10,298	1,071	1,496
Cash and cash equivalents at the end of the year		11,642	12,053	703	1,071

1 General information

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

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

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB (together 'IFRS') as endorsed by the European Union, for the first time. The Company's financial statements have been prepared on the same basis and as permitted by Section 230(3) of the Companies Act 1985, no income statement is presented for the Company. Of the consolidated profit for the financial year, a profit of £2,358,000 (2006: loss of £199,000) before the payment of dividend distributions, has been dealt with in the financial statements of 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 Note 36. The date of transition to IFRS for the Group and the Company was 1 January 2006.

In the current year, 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 (see Note 20). 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 these financial statements, the following standards and interpretations, relevant to the Group's activities, which have not been applied in these financial statements were in issue but not yet effective:

IFRS 8 Operating Segments

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

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 fair value at the 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 'Revaluation 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Motor vehicles, computer hardware, fixtures and equipment 25%

Notes to the Financial Statements (continued)

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

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

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

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

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

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

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

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

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

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

Available-for-sale financial assets Listed and unlisted shares held by the Group are classified as being AFS and are stated at their fair value. Fair value is determined in the manner described in note 20. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in the profit or loss for the period.

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

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

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

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

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

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

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

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

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

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

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

Cash and cash equivalents Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Included within cash balances are amounts held on client settlement accounts as shown in note 20.

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

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

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

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

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

Notes to the Financial Statements (continued)

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

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

Derivative financial instruments Derivative financial instruments are used solely by the Group to reduce or eliminate exposure to interest rate risks. Further details of derivative financial instruments are disclosed in notes 20 and 21 to the financial statements.

The derivative used by the Group 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 realised or settled within 12 months.

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

Share-based payments The Group has applied the requirements of IFRS 2 Share-based 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 2006.

The Group issues equity-settled share-based payments to certain employees. Equity share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using the Black-Scholes model. Details of the Group's share-based payments are disclosed in Note 32 to these financial statements.

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

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

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.

4 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

Fair value of derivative financial instruments The Group has a single derivative financial instrument. Its fair value is determined by reference to the market valuation for that instrument.

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

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

5 Revenue

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

	2007 £'000	2006 £'000
Commission income	3,699	3,490
Fee income	5,140	4,784
Interest income on customer deposits	2,882	2,344
	11,721	10,618

6 Business and geographical segments

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

7 Changes in accounting estimates

IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' requires the Group to disclose details of changes in accounting estimates. The Group has reviewed its accounting estimates concerning its bad debt provision in respect of fees and this has resulted in a change in accounting estimates. In the previous accounting period, a full provision was made for all fees remaining outstanding on customers' accounts for a period longer than nine months. A project was carried out during 2007 to collect outstanding fees. Based on this experience, the Group believes that the period of time that fees remain outstanding is not an indication of bad debt. Instead the key indication of bad debt should be the shortfall on the value of holdings in customers' accounts compared with their outstanding fees liability. This change in accounting estimates has resulted in a reduction in the bad debt provision of £46,000.

8 Operating profit

Operating profit for the year has been arrived at after charging:

	2007 £'000	2006 £'000
Depreciation of property, plant and equipment	75	71
Amortisation of intangible assets	16	16
Staff costs (see note 9)	4,793	4,221
Operating lease rentals – property	384	374
Operating lease rentals – other	76	76

Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2007 £'000	2006 £'000
Audit fees: Fees payable to the Group's auditors for the audit of the Group's annual accounts and those of its subsidiaries	60	60
Fees payable to the Group's auditors for other services to the Group		
Tax services	24	8
Other corporate finance services	33	-
Total non-audit fees	57	8

The fees payable to the Company's auditors for the audit of the Company's annual accounts amount to £16,000 (2006 £16,000). Fees payable to Deloitte and Touche LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

9 Group staff costs

	2007 Number	2006 Number
The average number of employees of the Group (including executive directors) was		
Operating and support functions	88	78
Administrative and systems related functions	32	29
	120	107
	2007	2006
	£'000	£'000
Staff costs during the year (including non-executive directors)		
Wages and salaries	3,564	3,055
Profit sharing bonus	477	546
Social security costs	424	386
Pension costs	230	204
Share based payments	98	30
	4,793	4,221

10 Directors

Detailed information concerning directors' emoluments and share options is disclosed in the Directors' Remuneration Report.

11 Investment revenue

	2007 £'000	2006 £'000
Interest on bank deposits	810	662
Dividends from equity investments	137	127
	947	789

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

	2007 £'000	2006 £'000
Loans and receivables (including cash and bank balances)	810	662
Available-for-sale financial assets	137	127
	947	789

12 Other gains and losses

	2007 £'000	2006 £'000
Increase/(decrease) in the fair value of investments held at year end	40	(75)
Profit on disposal of available-for-sale investments	1,163	1,589
	1,203	1,514

Notes to the Financial Statements (continued)

13 Taxation

	2007 £'000	2006 £'000
Current taxation	(891)	(979)
Deferred taxation	24	(16)
Adjustments in respect of prior years	-	34
	(867)	(961)

Corporation tax is calculated at 30 per cent (2006: 30 per cent) of the estimated assessable profit for the year. The standard rate of corporation tax is expected to fall to 28% from April 2008.

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		
Expenses not deductible for tax purposes	-	(35)
Allowable deductions for employee share schemes	86	-
Capital allowance in excess of depreciation	-	31
Rate change	3	-
UK dividend income	22	13
Rate differences on current tax	16	17
Other deferred tax movements	-	1
Adjustments in respect of prior years	-	34
	(867)	(961)

In addition to the amount charged to the Income Statement, deferred tax relating to the revaluation of the Group's investments amounting to £398,000 has been charged directly to equity.

14 Dividends

	2007 £'000	2006 £'000
Amounts recognised as distributions to equity holders in the period		
Final dividend of 0.18 pence per ordinary share (2006: 0.16 pence)	288	255
Special dividend of 1.00 pence per ordinary share (2006: Nil)	1,596	-
Less amount received on shares held via ESOP	(33)	(4)
	1,851	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 these financial statements.

15 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 sale of London Stock Exchange plc shares during the year. The directors consider that the underlying earnings per share represent a more consistent measure of the Group's underlying performance.

	2007 £'000	2006 £'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being net profit attributable to equity holders of the parent company	2,446	2,445
Other gains and losses	(1,203)	(1,514)
One-off income	-	(200)
Related profit share paid	144	222
Taxation impact of the above adjustments	318	448
Earnings for the purposes of underlying basic and diluted earnings per share	1,705	1,401
	Number ('000)	Number ('000)
Number of shares		
Weighted average number of ordinary shares	161,440	160,020
Non vested shares held by employee share ownership trust	(2,374)	(2,697)
Basic earnings per share denominator	159,066	157,323
Effect of potential dilutive share options	522	544
Diluted earnings per share denominator	159,588	157,867
Basic earnings per share (pence)	1.5	1.6
Diluted earnings per share (pence)	1.5	1.5
Underlying basic earnings per share (pence)	1.1	0.9
Underlying diluted earnings per share (pence)	1.1	0.9

16 Intangible assets

The Group

Share.com domain
name £'000

Cost

At 1 January 2007 and 31 December 2007	164
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Accumulated amortisation

At 1 January 2007	80
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Charge for the year	16
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At 31 December 2007	96
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Net book value

At 31 December 2007	68
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At 31 December 2006	84
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17 Property, plant and equipment

The Group

	Motor vehicles £'000	Computer hardware £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 1 January 2007	12	237	56	305
Additions	-	46	1	47
At 31 December 2007	12	283	57	352
Accumulated depreciation				
At 1 January 2007	10	97	14	121
Charge for the year	2	59	14	75
At 31 December 2007	12	156	28	196
Net book value				
At 31 December 2007	-	127	29	156
At 31 December 2006	2	140	42	184

18 Available-for-sale Investments

The Group

	2007 £'000	2006 £'000
Unlisted investment at fair value	1,908	1,555
Listed investment at fair value	3,465	3,314
	5,373	4,869

All investments held by the Group have been classified as available-for-sale. These available-for-sale assets have been included at fair value where a fair value can be reliably calculated, with the revaluation gains and losses reflected in the investment revaluation reserve as shown in note 25, until sale when the cumulative gain or loss is transferred to the income statement.

Euroclear plc ('Euroclear') The unlisted investment comprises 6,030 shares in Euroclear of one Euro each. These shares have a historical cost of £217,390 representing the investment made in CrestCo. Ltd which was acquired by Euroclear during 2002. As at 31 December 2007, each share has an estimated fair value of £316.39 (2006: £257.95) based on the last traded price within the Euroclear bulletin board system and an analysis of Euroclear's net assets as shown in their published financial information for the first three quarters of 2007.

London Stock Exchange plc ('LSE') The Group was also the beneficial owner of 175,000 (2006: 252,941) LSE ordinary shares of 5p each which have a fair value of £19.80 each based on the traded market price as at 31 December 2007 (2006: £13.10). The change in holding during the year reflects the disposal of 77,941 shares during the year.

19 Subsidiaries

The Company

	2007 £'000	2006 £'000
Shares in subsidiaries	264	264

The Company has investments in the following subsidiary undertakings:

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

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

² Ordinary shares held by The Share Centre Limited.

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

Notes to the Financial Statements (continued)

20 Other financial assets

Trade and other receivables

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Gross amounts receivable	3,651	4,563	-	-
Allowance for doubtful debts	(154)	(258)	-	-
	3,497	4,305	-	-
Foreign tax recoverable	-	1	-	-
Amounts owed by Group undertakings: By subsidiaries due in over one year	-	-	150	150
Other debtors	53	39	-	-
Prepayments and accrued income	2,167	1,878	-	-
	5,717	6,223	150	150

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

Included in the Group's trade receivable balance are debtors with a carrying amount of £519,000 (2006: £369,000) which are past due date at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The largest element of these balances is in respect of fees due from customers and those customers have sufficient investment balances on their accounts to cover the fees due.

Ageing of past due but not impaired trade receivables

	2007	2006
	£'000	£'000
0-90 days	218	229
90-180 days	78	91
180+ days	223	49
Balance at the end of the period	519	369

Movement in the allowance for doubtful debts

	2007	2006
	£'000	£'000
Balance at the beginning of the period	258	181
Impairment losses recognised	147	266
Amounts written off as uncollectable	(3)	(8)
Impairment losses reversed	(248)	(181)
Balance at the end of the period	154	258

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

Ageing of impaired trade receivables

	2007 £'000	2006 £'000
0-90 days	14	10
90-180 days	13	9
180+ days	127	23
Balance at the end of the period	154	258

Cash and cash equivalents

	Group 2007 £'000	2006 £'000	Company 2007 £'000	2006 £'000
Cash and cash equivalents	10,538	11,236	703	1,071
Cash held on trust for clients (a)	1,104	817	-	-
	11,642	12,053	703	1,071

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

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

At 31 December 2007 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 £94,885,000 (2006: £80,802,000). The Group has no beneficial interest in these deposits and accordingly they are not included in the balance sheet.

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

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

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

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

Foreign currency sensitivity analysis The Group only has an exposure to movements in Sterling relative to the Euro in respect of the investment in Euroclear plc which is Euro denominated. If there were a 10% move in the value of Sterling against the Euro then the value of this investment would move by 10%.

Interest rate risk The Group has no external borrowings and is not exposed to interest rate or refinancing risk in this regard.

The Group does hold client money balances (cash held on behalf of customers) and earns interest on those balances which forms a significant part of the Group's revenues. The interest paid to customers is typically the base rate less 3.5%. As such, the Group's revenue in this regard is effectively fixed at 3.5% of the client money balances as it is unaffected by movements in interest rates unless rates fall below 3.5%.

The Group has a financial derivative policy to protect interest income in the event that rates fall below 3.5%. This policy guarantees the Group interest income of 3.5% on £90 million in the event that base rates fall below 3.5%.

The Group is also subject to interest rate risk in respect of its own principal cash balances. These balances earn interest at the prevailing rate and the income is disclosed in the Income Statement under Investment Revenues.

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

Interest rate sensitivity The direct link between the bank base rate and the interest rate paid to customers means that the Group's interest income from client money balances is not sensitive to interest rate movements either up or down. Were interest rates to fall below 3.5% the Group's interest rate floor policy would be triggered to protect the Group's interest income in this regard.

The interest income on its own principal balances is though affected by changes in interest rates. Given the cash balances at the year end a 0.25% movement in interest rates would impact investment income by £27,000 per annum. This impact, after taking into account the corresponding increase/decrease in the Group's tax charge, would lead to a change in retained profit for the period.

Liquidity risk The Group actively maintains cash balances on short term deposits such that it has sufficient funds available for operations. The principal other investment the Group has on its balance sheet is in London Stock Exchange plc shares which are actively traded and therefore relatively liquid. As such the Group is not exposed to any significant liquidity risk.

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

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

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

Equity price risk The Group is exposed to equity security price risk in respect of the investments it holds on its balance sheet.

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

Equity price sensitivity analysis If equity prices had been 10% higher/lower during 2007 then the net profit after tax of the Group would have been £255,000 (2006: £235,000) higher/lower as a result of the impact of those higher/lower equity prices on customer portfolio valuations and therefore on ad valorem fees charged by the Group.

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

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

21 Derivative financial instruments

The Group

	2007 £'000	2006 £'000
Financial assets carried at fair value through profit or loss (FVTPL):		
Held for trading derivatives that are not designated in hedge accounting relationships:		
Interest rate floor policy	135	-

The derivative financial instrument has a three year life and is therefore valid until November 2010. Further details of interest rate risk and the financial derivative instrument held by the Group are disclosed in note 20.

22 Deferred tax

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

	Share based payments £'000	Accelerated depreciation £'000	Revaluation of financial assets £'000	Total £'000
As at 1 January 2006	-	85	(1,178)	(1,093)
Charge to income	-	(16)	-	(16)
Recycled from equity to income	-	-	477	477
Charge to equity	-	-	(705)	(705)
As at 1 January 2007	-	69	(1,406)	(1,337)
(Charge)/credit to income	27	(13)	-	14
Recycled from equity to income	-	-	350	350
(Charge)/credit to equity	95	-	(398)	(303)
As at 31 December 2007	122	56	(1,454)	(1,276)

Notes to the Financial Statements (continued)

23 Trade and other payables

	Group 2007 £'000	2006 £'000	Company 2007 £'000	2006 £'000
Trade creditors	3,517	4,318	-	-
Amount owed to Group companies	-	-	198	202
Other taxation and social security	160	184	-	-
Accruals and deferred income	1,352	1,132	59	42
Other creditors	427	275	-	-
	5,456	5,909	257	244

24 Called up share capital

The Group and Company - Ordinary shares of 0.5p each

	Number	2007 £'000	Number	2006 £'000
Authorised	296,175,000	1,481	300,000,000	1,500
Allotted, called up and fully paid	155,804,728	779	159,629,728	798

The decrease in share capital is as a result of a share repurchase as noted in Note 26.

25 Revaluation reserve – Group

	2007 £'000	2006 £'000
Balance at 1 January	3,285	2,750
Increase in fair value of available-for-sale investments	1,492	2,352
Deferred tax effect of increase in fair value of available-for-sale investments	(447)	(705)
Disposal of available-for-sale investments	(1,163)	(1,589)
Tax on disposal of available-for-sale investments	350	477
Deferred tax impact of change in tax rate from 30% to 28%	98	-
Balance at 31 December	3,615	3,285

26 Capital redemption reserve – Group and Company

	2007 £'000	2006 £'000
Balance at 1 January	-	-
Repurchase and cancellation of 3,825,000 0.5p ordinary shares	19	-
Balance at 31 December	19	-

In December 2007 the company repurchased and cancelled a total of 3,825,000 shares.

27 Employee benefit reserve – Group

	2007 £'000	2006 £'000
Balance at 1 January	(416)	(370)
Purchase of ESOP shares	(273)	(141)
Sale of ESOP shares	74	38
Transfer to retained earnings on the sale of ESOP shares	(14)	14
Cost of matching and free shares in the Share Incentive Plan	190	43
Balance at 31 December	(439)	(416)

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

	Number	2007 Average purchase price (pence)	Number	2006 Average purchase price (pence)
Ordinary shares of 0.5p each	2,356,233	18.6	2,781,156	15.0

During the year the employee benefit trusts purchased or received back from leaving employees a total of 1,022,552 Ordinary 0.5p shares. 1,447,475 shares were sold by the employee benefit trusts or allocated to employees by way of matching shares or free shares. The shares purchased had a total consideration of £279,499.

28 Share premium account – Group and Company

	2007 £'000	2006 £'000
Balance at 1 January and 31 December	29	29

29 Retained Earnings

Group

	2007 £'000	2006 £'000
Balance at 1 January	11,920	9,753
Repurchase of 3,825,000 shares at 20p each	(765)	-
Retained profit for the period	2,446	2,445
Dividends paid	(1,851)	(251)
Credit to equity for equity-settled share-based payments	98	30
Transfer from employee benefit reserve on sale of ESOP shares	14	(14)
Cost of matching and free shares in the Share Incentive Plan	(190)	(43)
Deferred tax on share based payments	95	-
Exchange gains on available-for-sale investments	175	-
Deferred tax on exchange gains on available-for-sale investments	(49)	-
Balance at 31 December	11,893	11,920

Company

	2007 £'000	2006 £'000
Balance at 1 January	414	869
Repurchase of 3,825,000 shares at 20p each	(765)	-
Capital contribution to Sharefunds Limited	(90)	-
Retained profit / (loss) for the period	474	(455)
Balance at 31 December	33	414

30 Note to the cash flow statements

	Group 2007 £'000	2006 £'000	Company 2007 £'000	2006 £'000
Operating profit/(loss)	1,163	1,103	(285)	(250)
Other gains and losses	(118)	(60)	-	-
Depreciation of property, plant and equipment	75	71	-	-
Amortisation of intangible assets	16	16	-	-
Share-based payments	18	(13)	-	-
Operating cash flows before movement in working capital	1,154	1,117	(285)	(250)
Decrease/(increase) in receivables	506	(783)	-	-
(Decrease)/increase in payables	(454)	112	13	28
Cash generated by operations	1,206	446	(272)	(222)
Income taxes paid	(970)	(698)	-	-
Net cash from operating activities	236	(252)	(272)	(222)

31 Operating lease arrangements

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

	Land and Buildings £'000	2007 Other £'000	Land and Buildings £'000	2006 Other £'000
Within one year	-	10	-	12
One to five years	80	33	128	63
Over five years	1,450	-	1,785	-
Total	1,530	43	1,913	75

Operating lease payments principally represent rentals payable by the Group for its office premises. The current lease runs until 2016 with a break clause exercisable in 2011. The commitments above are the minimum non-cancellable payments due and therefore only run to the break point at which the Group could, if it so chose, end the lease. The Company has no commitments under operating leases (2006: None).

32 Share-based payments

The Group operates an Enterprise Management Incentive (EMI) approved share option scheme which enables the regular granting of share options to managers at six monthly intervals and discretionary grants to Directors as deemed appropriate by the Board Remuneration Committee. In addition, the Group has an approved share option scheme and an unapproved share option scheme. With the exception of some options granted under the unapproved share option scheme, the vesting period for options is 3 years and they expire 10 years after the date of grant.

Notes to the Financial Statements (continued)

Details of the share options outstanding during the year are as follows:

	2007		2006	
	Number of share options	Weighted average exercise price (price)	Number of share options	Weighted average exercise price (price)
Outstanding at the beginning of the year	3,831,093	16.2	3,907,197	15.0
Granted during the year	1,040,518	22.7	607,960	18.1
Exercised during the year	(286,589)	10.7	(211,500)	3.7
Expired or forfeited during the year	(312,714)	15.7	(472,564)	14.8
Outstanding at the end of the year	4,272,308	18.2	3,831,093	16.2
Exercisable at the end of the year	2,286,391	16.3	2,156,771	17.0

The weighted average market share price at the date of exercise for options exercised during 2007 was 27.8 pence (2006: 19.2 pence). The share options outstanding at the end of the year, their exercise prices and contractual lives are as detailed in note 33.

The Group has applied the requirements of IFRS 2 in respect of share-based payments. During the year ended 31 December 2007, the Group made four equity-settled share-based payments to staff. These payments were made under the Group's Enterprise Management Incentive (EMI) approved share option scheme with the exception of options over 21,937 shares made as part of the final grant and which were granted under the unapproved share option scheme. In all cases there are no performance conditions attached to the options, and the option exercise price equals the market price, as determined by the previous Sharemark auction, at the date of grant.

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

Grant date	19 March 2007	2 April 2007	22 June 2007	22 December 2007
Share price at date of grant	15p	14.5p	26p	30p
Risk free interest rate	5.25%	5.25%	5.5%	5.5%
Dividend Yield	1%	1%	1%	1%
Volatility	30%	30%	30%	30%
Average maturity at exercise	5 years	5 years	5 years	5 years
Fair value per option	4.9p	4.7p	8.6p	9.9p

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

The fair value for those shares given as matching shares under the arrangements of the SIP has been determined by the market price, as determined by the previous Sharemark auction, at the date of purchase. This has ranged from 14.5p to 35p during 2007. The cost is then applied over three years, being the qualifying period during which the employee must remain in employment with the company.

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

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

The total expense for equity-settled share based payments for the Group in 2007 was £301,000 (2006: £90,000) which is then applied across the three years to vesting date. An adjustment is made to this figure in respect of members of staff to whom options and shares have been granted but who have left the company's employ during the vesting period. The net charge for 2007 is £98,000 (2006: £30,000).

33 Share options

At 31 December 2007 the following share options to subscribe for ordinary shares were outstanding:

Exercise Period	Exercise price	Unapproved share option scheme	Approved share option scheme	EMI scheme	2007 total	2006 total	
First Date	Last date	Pence	Number	Number	Number	Number	
18 Mar 2002	18 Mar 2009	1.1	-	-	-	50,000	
21 Jun 2004	21 Jun 2011	36.0	-	74,023	74,023	135,134	
21 Jun 2004	14 Nov 2011	20.0	-	-	138,889	138,889	
15 Nov 2004	15 Nov 2011	20.0	372,778	-	372,778	372,778	
22 Dec 2004	22 Dec 2011	22.0	-	-	121,133	136,133	
22 Jun 2005	22 Jun 2012	16.0	-	-	155,623	213,248	
21 Dec 2005	14 Nov 2011	20.0	-	-	200,000	200,000	
22 Dec 2005	22 Dec 2012	10.0	-	-	185,000	340,700	
21 Mar 2006	21 Mar 2013	12.0	300,000	-	300,000	300,000	
22 Jun 2006	22 Jun 2013	14.0	-	-	106,846	134,670	
22 Dec 2006	22 Dec 2013	16.0	-	-	107,763	135,219	
19 Mar 2007	21 Jun 2011	36.0	61,111	-	61,111	-	
21 Mar 2007	21 Mar 2013	12.0	200,000	-	200,000	200,000	
21 Jun 2007	14 Nov 2011	20.0	-	-	11,111	11,111	
22 Jun 2007	22 Jun 2014	15.0	-	-	110,437	139,369	
22 Dec 2007	22 Dec 2014	14.0	-	-	119,740	148,615	
22 Dec 2007	22 Dec 2017	30.0	21,937	-	21,937	-	
21 Mar 2008	21 Mar 2013	12.0	200,000	-	200,000	200,000	
22 Jun 2008	22 Jun 2015	14.0	-	-	141,951	179,052	
22 Dec 2008	22 Dec 2015	14.0	-	-	161,808	199,287	
22 Jun 2009	22 Jun 2016	20.0	-	-	177,909	215,532	
10 Jul 2009	10 Jul 2016	20.0	-	-	50,000	50,000	
8 Dec 2009	8 Dec 2016	16.0	-	-	7,960	7,960	
22 Dec 2009	22 Dec 2016	15.0	-	-	188,224	223,396	
19 Mar 2010	19 Mar 2017	15.0	-	-	125,000	-	
2 Apr 2010	2 Apr 2017	14.5	-	-	160,415	-	
22 Jun 2010	22 Jun 2017	26.0	-	-	244,587	-	
22 Dec 2010	22 Dec 2017	30.0	-	-	328,063	-	
10 Jan 2011	10 Jul 2016	20.0	-	-	50,000	50,000	
19 Sept 2011	19 Mar 2017	15.0	-	-	50,000	-	
10 Jul 2012	10 Jul 2016	20.0	-	-	50,000	50,000	
19 Mar 2013	19 Mar 2017	15.0	-	-	50,000	-	
			1,155,826	74,023	3,042,459	4,272,308	3,831,093

34 Related party transactions

During the year the Group made contributions totalling £2,025 to The Share Foundation to enable contributions to be made to the Child Trust Funds of children under the care of the Official Solicitor within Buckinghamshire. The Share Foundation is a national charity established to provide financial support to looked-after children without parents through additional contributions to their Child Trust Funds. Gavin Oldham, Chief Executive of Share plc, is the Chairman and founder of The Share Foundation.

The principal transactions between the Company and its subsidiaries were the receipt of a dividend from The Share Centre Limited of £2,601,500 (2006: Nil), and the payment to The Share Centre Limited of management fees of £195,000 (2006: £197,000) which primarily relate to the recharging of a proportion of directors' time. In addition, the Company made a capital contribution during the year of £90,000 (2006: Nil) to Sharefunds Limited. At the year end the Company had a balance outstanding due to The Share Centre Limited of £198,000 (2006: £202,000) and was owed, by way of a subordinated loan, £150,000 (2006: £150,000) by The Share Centre Limited.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Remuneration of key management personnel The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual directors are provided in the 'Directors' Remuneration Report' on pages 35 to 39.

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Short-term employee benefits	863	877
Share-based payments	23	8
	886	885

35 Post balance sheet events

On 15 January 2008 The Share Centre Limited announced a new initiative to issue free shares to customers who open, or transfer in, full value Individual Savings Accounts (ISAs) during the 2007/8 or 2008/9 tax years. This initiative, similar to ones operated by the company in 2000 and 2001, will issue up to 4,000,000 shares to customers.

The Group has announced its intention to float on AIM. The initial announcements in this regard were made during 2007 and advisors were duly appointed. The costs incurred prior to the year end were not material and so have not been included in the Group's results. However, significant costs have been and will be incurred during 2008 linked with this process which is intended to culminate in the Group's shares being admitted to trading on AIM during 2008. These costs, which are likely to exceed £500,000, are clearly one-off in nature and not part of the underlying performance of the business, but they will impact retained earnings in 2008.

36 Adoption of International Financial Reporting Standards (IFRS)

Share plc reported under UK GAAP in its previously published financial statements for the year ended 31 December 2006. The analyses below show reconciliations of equity, net assets and profit as reported under UK GAAP at 31 December 2006 to the revised equity, net assets and profit under IFRS as reported in this Annual Report. In addition there is a reconciliation of net assets under UK GAAP to IFRS at the transition date for the Group, being 1 January 2006. There is no reconciliation presented for the Company as there is no difference in the income statement or balance sheet, other than minor reclassifications, between UK GAAP and IFRS.

Reconciliation of the Group profit and loss account under UK GAAP to the Group Income Statement under IFRS for the year ended 31 December 2006.

	UK GAAP	IFRS Reclassification	Share based payments IFRS 2 (a)	Financial Instruments IAS 38 (b) (c)	IFRS
	£'000	£'000	£'000	£'000	£'000
Revenue	10,618	-	-	-	10,618
Administrative expenses	(9,598)	-	41	42	(9,515)
Operating profit	1,020	-	41	42	1,103
Investment revenues	127	662	-	-	789
Other gains and losses	1,589	-	-	(75)	1,514
Interest receivable	662	(662)	-	-	-
Profit before tax	3,398	-	41	(33)	3,406
Tax charge on profit on ordinary activities	(961)	-	-	-	(961)
Profit for the period	2,437	-	41	(33)	2,445

(a) The costs of issuing matching shares to employees taking part in the Share Incentive Plan (SIP) have been previously accounted for in the profit and loss account in full (£41,000) in the year of granting shares. Following the adoption of IFRS 2, these costs are accounted for directly in reserves and form part of the IFRS 2 share-based payment charge over the vesting period.

(b) The Group has a financial derivative policy to protect interest income in the event that rates fall below 3.5%. The derivative financial instrument is required by IAS 38 to be valued at fair value in the balance sheet with the movements in fair value recognised in the income statement under 'other gains and losses'. The administrative expenses under UK GAAP included the cost of the derivative expensed over its useful life – being £42,000 in 2006. The value on the balance sheet is reduced by £36,000 to reflect fair value.

(c) The Group holds an investment in Euroclear plc shares which is denominated in Euros. This is recognised at fair value in the balance sheet under IFRS with a consequent increase in value of £1,338,000 (2005: £1,377,000) relative to the cost accounting approach under UK GAAP. Due to unfavourable movements in exchange rates during 2006, a loss of £39,000 in fair value is recognised in the Income Statement.

(d) The Group also holds an investment in London Stock Exchange plc shares which is recognised at fair value in the balance sheet under IFRS with increase in value of £3,314,000 (2005: £2,551,000) relative to the cost accounting approach under UK GAAP.

(e) The changes in (a) to (d) above have tax implications in particular with regard to deferred tax.

Notes to the Financial Statements (continued)

Reconciliation of the Group balance sheet and total equity under UK GAAP to IFRS at 31 December 2006

	UK GAAP	IFRS Reclassification	Financial Instruments IAS 39	Deferred Tax IAS 12	IFRS
	£'000	£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	84	-	-	-	84
Property, plant and equipment	184	-	-	-	184
Available-for-sale investments (c) (d)	217	-	4,652	-	4,869
	485	-	4,652	-	5,137
Current assets					
Trade and other receivables	6,329	(106)	-	-	6,223
Cash and cash equivalents	12,053	-	-	-	12,053
Derivative financial instruments (b)	-	36	(36)	-	-
Deferred tax assets (e)	-	69	-	-	69
	18,382	(1)	(36)	-	18,345
Total assets	18,867	(1)	4,616	-	23,482
Current liabilities					
Trade and other payables	(6,459)	550	-	-	(5,909)
Current tax liabilities	-	(551)	-	-	(551)
	(6,459)	(1)	-	-	(6,460)
Net current assets	11,923	(2)	(36)	-	11,885
Non-current liabilities					
Deferred tax liabilities (e)	-	-	-	(1,406)	(1,406)
Total liabilities	(6,459)	(1)	-	(1,406)	(7,866)
Net assets	12,408	(2)	4,616	(1,406)	15,616
Equity					
Share capital	798	-	-	-	798
Share premium account	29	-	-	-	29
Employee benefit reserve	(416)	-	-	-	(416)
Retained earnings (b) (c)	11,997	(2)	(75)	-	11,920
Revaluation reserve (c) (d) (e)	-	-	4,691	(1,406)	3,285
Equity shareholders' funds	12,408	(2)	4,616	(1,406)	15,616

Reconciliation of the Group balance sheet and total equity under UK GAAP to IFRS at 1 January 2006

	UK GAAP	IFRS	Financial	Deferred Tax	IFRS
		Reclassification	Instruments	IAS 12	
	£'000	£'000	IAS 39	£'000	£'000
			£'000		
Non-current assets					
Intangible assets	100	-	-	-	100
Property, plant and equipment	135	-	-	-	135
Available-for-sale investments (c) (d)	217	-	3,928	-	4,145
	452	-	3,928	-	4,380
Current assets					
Trade and other receivables	5,627	(161)	-	-	5,466
Cash and cash equivalents	10,298	-	-	-	10,298
Derivative financial instruments (b)	-	77	(42)	-	35
Deferred tax assets (e)	-	84	-	-	84
	15,925	-	(42)	-	15,883
Total assets	16,377	-	3,886	-	20,263
Current liabilities					
Trade and other payables	(6,125)	327	-	-	(5,798)
Current tax liabilities	-	(327)	-	-	(327)
	(6,125)	-	-	-	(6,125)
Net current assets	9,800	-	(42)	-	9,758
Non-current liabilities					
Deferred tax liabilities (e)	-	-	-	(1,178)	(1,178)
Total liabilities	(6,125)	-	-	(1,178)	(7,303)
Net assets	10,252	-	3,886	(1,178)	12,960
Equity					
Share capital	798	-	-	-	798
Share premium account	29	-	-	-	29
Employee benefit reserve	(370)	-	-	-	(370)
Retained earnings (b)	9,795	-	(42)	-	9,753
Revaluation reserve (c) (d) (e)	-	-	3,928	(1,178)	2,750
Equity shareholders' funds	10,252	-	3,886	(1,178)	12,960

Information for Shareholders

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

Shares issued or committed as at 31 December 2007

	Number of shareholders	Number of shares	%
Oldham family and trusts	8	124,953,976	79.1
Other directors and staff	116	8,089,026	5.1
Customers	67,278	14,262,419	9.0
Other shareholders	294	10,749,909	6.8
	67,696	158,055,330	100.0

Financial calendar 2008

19 May 2008	Ex dividend date for final dividend
23 May 2008	Record date for final dividend
6 June 2008	Annual General Meeting
13 June 2008	Final dividend paid

Dealing in Share plc shares Share plc shares are traded on Sharemark (www.sharemark.co.uk) and customers of The Share Centre can place orders via their personal portfolio accessed at www.share.com, by telephone (01296 41 42 43) or in writing, quoting their name, customer reference, portfolio number and the number of shares to buy/sell together with the price limit. You can buy and sell shares in Share plc via most stockbrokers, including The Share Centre. If your preferred broker is not yet authorised to deal in Sharemark please ask them to contact the Sharemark dealing team on 01296 43 94 32.

Sharemark dealings in Share plc shares are carried out weekly at 3pm each Friday, except Bank Holidays in which case deals are usually struck on the working day immediately prior to the Bank Holiday. For full details visit www.sharemark.co.uk or call 01296 41 41 41.

Share price information The latest indicative and auction prices for shares in Share plc are available on www.sharemark.co.uk, or via the home page at www.share.com.

Shareholder benefits A shareholder's holding in Share plc qualifies them to receive 'dealing commission credit' rebated against commission charged on sales and/or purchases of any investment made through his/her account with The Share Centre.

For every Share plc share held, he/she receives a quarterly dealing commission credit of 3p up to a maximum allowance of £300 per quarter, payable as a rebate against dealing commission on orders made in that quarter through any of their accounts with The Share Centre. Rebates earned on dealing through a PEP or ISA will, because of HM Revenue and Customs regulations, be paid to a Share Account.

The rebate will be to a maximum of 30% of dealing commission on orders placed via the internet, or 15% on orders placed by other means. Any credit not used in any one quarter will lapse.

A man in a light blue button-down shirt and dark jeans is jumping joyfully against a blue sky with light clouds. He is holding a large, bright green rectangular sign above his head with both hands. The sign has the text "A passion for investment" written on it in white, bold, sans-serif font. The man has a wide, happy smile and his legs are spread wide in mid-air.

**A passion for
investment**

Matt Goodall, Dealing Team

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