

shareplc:



**interim
review
2008**

-  **Turnover increased 2% to £5.9m**
(2007: £5.8m)
-  **Operating profit £0.4m**
(2007: £0.5m)
-  **Earnings per share 0.0p**
(2007: 0.7p)
-  **Normalised EPS (before LSE share sales and non-recurring items) 0.4p** (2007: 0.5p)
-  **Strong balance sheet with £11.5m cash**
(2007: £11.6m) and no debt

Chairman's Statement



Share plc, parent company of The Share Centre Limited, presents its interim results for the half-year ended 30 June 2008. Following a six month period which saw the FTSE-100 fall by 15% and the whole financial sector put under considerable pressure by the credit crunch, we are pleased to be able to report a modest increase in revenues (1.5%) on the same period last year.

Operating results Total revenue for the six months to 30 June 2008 was £5.9m (2007: £5.8m). Administrative expenses rose marginally to £5.5m (2007: £5.3m) reflecting the higher proportion of the marketing budget expended in the first quarter due to the launches of new services and the accounting treatment of free shares issued to customers. There was, however, one significant non-recurring item of cost during the first half of the year: the cost of our AIM introduction, of which £0.7m has been charged to the profit and loss account (the remaining £0.2m being a deduction from reserves).

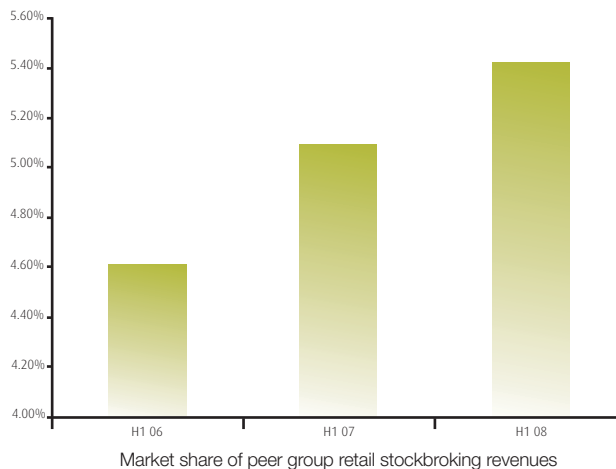
The effect of this cost together with the absence of further disposals of London Stock Exchange shares resulted in a final profit before taxation of £0.2m (2007: £1.6m). Due to an abnormally high taxation charge (caused by the disallowable nature of most costs associated with flotation) this leaves us with a small profit after tax (2007: profit of £1.2m). These results are consistent with the position set out in our AIM admission document on 15 April 2008.

The position after tax results in earnings per share (basic and diluted) of 0.0p compared to 0.7p in 2007. Given the exceptional costs incurred, as noted above, in 2008 and the one-off gains from the sale of London Stock Exchange plc shares in the first half of 2007 the company also calculates underlying earnings per share. On this normalised basis, underlying earnings per share (basic and diluted (see note 6)) were 0.4p (2007: 0.5p).

Market share The Board has set market share as its principal key performance indicator, reflecting the investment in marketing spend. This is measured against a peer group* of other brokers using data provided by Compeer, the independent company which collates information across the broking and wealth management community. It should be noted that since the data for the first quarter of 2008 was published the peer group has been expanded following one new participant joining Compeer's monthly service. The historic figures have been restated to reflect this addition and therefore appear lower as The Share Centre's revenue share is being taken as a proportion of a larger data set.

Following the commitment to report our quarterly benchmarked market revenue share data we are pleased to do so for the second quarter of 2008. The Share Centre's share of peer group revenues increased in like for like terms in Q2 2008 by 5% to 5.31% (Q2 2007: 5.05%). However, in line with trends seen in 2007, the market share shows a slight reduction to that recorded in Q1 2008 of 5.53%. The Company believes this reflects the revenue recognition patterns and different year ends amongst the wider peer group.

Taking the first half year as a whole, our market share of retail stockbroking revenues rose by 6.5% in 2008 to 5.42% when compared to the first half of 2007 (5.09%), as measured against the peer group. During the first half of 2008 deal volumes across the peer group excluding contracts for difference and spreadbetting fell by 11.8% relative to the first half of 2007. The Share Centre's dealing volumes fell by 4.7% during the same period. Overall revenues for The Share Centre have shown marginal growth in the first half of 2008 relative to the first half of 2007. This compares to the rest of the peer group which has collectively seen a fall in revenues of 5.0% over the same period. The difference between The Share Centre and the peer group in part reflects the fact that The Share Centre business model is less dependent on activity related income streams.



* The peer group comprises: Alliance Trust Savings, Barclays Stockbrokers, E*Trade Securities, Equiniti, Halifax Sharedealing, HSBC Stockbrokers, NatWest Stockbrokers, Saga Personal Finance, Self Trade, and TD Waterhouse Investor Services Europe.

Chairman's Statement

Market environment It has been a momentous period for both us and the market. For us, the year started with the launch of our Free Shares programme synchronised with our new Funds ISA and Funds of Funds portfolio. During April and early May Share plc attracted over £4 million for its Share Offer, resulting in a 3.8 times over subscription, and our shares were floated on AIM on Thursday 15 May.

The market has seen the banks, property and retail sectors come under heavy pressure. For a sustained period the energy, mining and commodity sectors have provided some counterbalance, but there is now evidence of slippage in these areas also. The question remaining is whether inflation or recession or both together will dominate, a deeply unattractive prospect. If some inflation did work through into wages, some, albeit small and temporary, consolation would be that fewer people would be unable to honour their mortgage payments, thus reducing the extent of further banking write-offs. House prices are still going down however, but since this will remind people that houses are not always a safe destination for savings for retirement, it should in due course increase the flow of savings into classic income producing real investments.

Outlook and trading update We remain cautiously optimistic that the year as a whole will be broadly in line with current expectations, notwithstanding reduced trading volumes. However, if there are further heavy falls in the UK stockmarket or significant reductions in the level of interest rates, we could see a deterioration in overall revenues. Meanwhile, with London Stock Exchange shares remaining

at their current depressed level in anticipation of more competition later in the autumn, we may not undertake any share sales during the rest of 2008.

In the medium term, moreover, there are grounds for encouragement. The role of savings and investment will grow in importance, especially since the duration of retirement is lengthening and fewer people have adequate pensions; and with inflation eating away at the value of cash balances we are likely to see an increasing number of wise investors return to real income-producing assets. This means that many will look to investment in equities or stockmarket funds once they feel the tide has turned.

We also remain cautiously optimistic about the prospects of acquiring business over the months ahead, and the Group's strong balance sheet provides us with the opportunity to progress such opportunities.

Stockmarkets always act as a leading indicator of economic change due to the anticipation involved in reaching investment decisions. Therefore, while we concur that this economic downturn will be significant, we are confident that investors are not deterred from looking ahead and that this will allow the business to continue its pursuit of building revenue growth in 2009.

Martin W. Jacomb

Sir Martin Jacomb, Chairman
12 August 2008

A man in a light blue button-down shirt and dark jeans is captured mid-jump against a bright blue sky with scattered white clouds. He has a wide, joyful smile and his arms are raised high, holding a large, bright green rectangular sign. The sign features the text "A passion for investment" in a clean, white, sans-serif font. His legs are spread wide in a V-shape, and he is wearing white sneakers. The overall mood is one of enthusiasm and success.

**A passion for
investment**

Consolidated Income Statement

For the six months ended 30 June 2008	Notes	Half Year 30 June 2008 (unaudited) £'000	Half Year 30 June 2007 (restated & unaudited) £'000	Year 31 December 2007 (audited) £'000
Revenue		5,922	5,832	11,721
Administrative expenses		(5,511)	(5,339)	(10,558)
Operating profit		411	493	1,163
Investment revenues		507	476	947
Other gains and losses		(40)	674	1,203
Non-recurring items – AIM Costs		(655)	–	–
Profit before taxation		223	1,643	3,313
Taxation	2	(222)	(483)	(867)
Profit for the period		1	1,160	2,446
Basic earnings per share*	6	0.0p	0.7p	1.5p
Diluted earnings per share*	6	0.0p	0.7p	1.5p

All results are in respect of continuing operations.

* The Directors consider that the underlying earnings per share as presented in note 6 represent a more consistent measure of the underlying performance of the business as this measure excludes 'Other gains and losses' and one-off items of income or expense.

Consolidated statement of recognised income and expense

For the six months ended 30 June 2008	Half Year 30 June 2008 (unaudited) £'000	Half Year 30 June 2007 (restated & unaudited) £'000	Year 31 December 2007 (audited) £'000
Gains on revaluation of available-for-sale investments taken to equity	(2,100)	103	1,492
Exchange gains on available-for-sale investments taken directly to equity	140	4	175
Tax on items taken directly to equity	549	(32)	(496)
Net income recognised directly in equity	(1,411)	75	1,171
Transfers			
Transferred to profit or loss on the sale of available-for-sale investments	–	(707)	(1,163)
Tax on transfers from equity	–	211	350
	(1,411)	(421)	358
Profit for the year	1	1,160	2,446
Total recognised income for the year	(1,410)	739	2,804
Attributable to equity shareholders	(1,410)	739	2,804

Consolidated Balance Sheet

	Notes	Half Year 30 June 2008 (unaudited) £'000	Half Year 30 June 2007 (restated & unaudited) £'000	Year 31 December 2007 (audited) £'000
Non-current assets				
Intangible assets		59	76	68
Property, plant and equipment		136	164	156
Available-for-sale investments		3,450	4,269	5,373
Investment in subsidiaries		–	–	–
		3,645	4,509	5,597
Current assets				
Trade and other receivables		8,661	8,510	5,717
Cash and cash equivalents	7	11,455	11,554	11,642
Derivative financial instruments		106	–	135
Deferred tax assets		262	68	178
		20,484	20,132	17,672
Total assets		24,129	24,641	23,269
Current liabilities				
Trade and other payables		(7,782)	(8,366)	(5,456)
Current tax liabilities		(196)	(496)	(463)
		(7,978)	(8,862)	(5,919)
Net current assets		12,506	11,270	11,753
Non-current liabilities				
Deferred tax liabilities		(916)	(1,227)	(1,454)
Total liabilities		(8,894)	(10,089)	(7,373)
Net assets		15,235	14,552	15,896
Equity				
Share capital		801	779	779
Capital redemption reserve		19	19	19
Share premium account		903	29	29
Employee benefit reserve		(478)	(436)	(439)
Retained earnings		11,887	11,301	11,893
Revaluation reserve		2,103	2,860	3,615
Equity shareholders' funds		15,235	14,552	15,896

This condensed set of financial statements was approved by the Board on 12 August 2008

Signed on behalf of the Board

Martin G. Jacomb

Sir Martin Jacomb

Consolidated Cash Flow Statement

	Notes	Half Year 30 June 2008 (unaudited) £'000	Half Year 30 June 2007 (restated & unaudited) £'000	Year 31 December 2007 (audited) £'000
Net cash from operating activities	9	(361)	193	236
Investing activities				
Interest received		373	398	811
Dividend received from trading investments		134	79	137
Proceeds on disposal of available-for-sale investments		–	701	1,163
Purchase of property, plant and equipment		(17)	(19)	(47)
Purchase of derivative financial instrument		–	–	(95)
Net cash received from investing activities		490	1,159	1,969
Financing activities				
Equity dividends paid	5	(316)	(1,851)	(1,851)
Share capital redemption		–	–	(765)
Net cash used in financing		(316)	(1,851)	(2,616)
Net (decrease)/increase in cash and cash equivalents		(187)	(499)	(411)
Cash and cash equivalents at the beginning of the period		11,642	12,053	12,053
Cash and cash equivalents at the end of the period		11,455	11,554	11,642

1 Basis of preparation

The financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs). However, this announcement does not itself contain sufficient information to comply with IFRSs. The Group's published full financial statements comply with IFRSs. The Group presented its accounts for the year ended 31 December 2007 in accordance with IFRS for the first time. The comparative figures for the half year to 30 June 2007 have therefore been restated to reflect the adoption of IFRS. At the date of authorisation of this condensed set of financial statements, the following standards, amendments and interpretations, relevant to the Group's activities, which have not been applied in these financial statements were in issue but not yet effective:

IAS 1 Presentation of Financial Statement (revised September 2007)

IAS 27 Consolidated and Separate Financial Statements (January 2008)

IAS 32 Financial Instruments – Presentation (Amendments)

IFRS 2 Share Based Payment Vesting Conditions and Cancellations (revised January 2008)

IFRS 8 Operating Segments

The above are effective for the Group from 1 January 2009 and the directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group except for additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009.

The information for the year ended 31 December 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2 Accounting policies

The accounting policies used are consistent with those set out in the 2007 Annual Report.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 and on AIM since May 2008. This provides a market price to help determine the fair value of equity-settled share-based payments, but in addition to this, estimations are made as to price volatility, risk free interest rate and expected life. These estimations enable the Black-Scholes model to then be used to determine the fair value of these equity-settled share-based payments.

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

4 Taxation

The charge to taxation is an estimate based on the anticipated rate of tax of 30% for the first quarter and 28% for the remaining of the year. The effective rate is therefore 28.5% for the year ending 31 December 2008.

5 Distribution to shareholders

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Final dividend proposed in previous year paid in current year per 0.5p ordinary share – 2008 0.20p (2007: 1.18p including 1p special dividend)	320	1,884	1,884
Less amount received on shares held via ESOP	(4)	(33)	(33)
	316	1,851	1,851

6 Earnings per share

	Half Year 30 June 2008 (unaudited) £'000	Half Year 30 June 2007 (restated & unaudited) £'000	Year 31 December 2007 (audited) £'000
Earnings			
Earnings for the purpose of basic and diluted earnings per share, being net profit attributable to equity holders of the parent company	1	1,160	2,446
Other gains and losses	40	(674)	(1,203)
Non-recurring items – AIM Costs	655	–	–
Related profit share paid	(39)	87	144
Taxation impact of the above adjustments	(1)	176	318
Earnings for the purposes of underlying basic and diluted earnings per share	656	749	1,705

Number of shares	Number ('000)	Number ('000)	Number ('000)
Weighted average number of ordinary shares	159,692	161,954	161,440
Non vested shares held by employee share ownership trust	(2,335)	(2,374)	(2,374)
Basic earnings per share denominator	157,357	159,580	159,066
Effect of potential dilutive share options	1,462	291	522
Diluted earnings per share denominator	158,819	159,871	159,588
Basic earnings per share (pence)	0.0	0.7	1.5
Diluted earnings per share (pence)	0.0	0.7	1.5
Underlying basic earnings per share (pence)	0.4	0.5	1.1
Underlying diluted earnings per share (pence)	0.4	0.5	1.1

7 Cash at bank and in hand

	Half Year 30 June 2008 (unaudited) £'000	Half Year 30 June 2007 (restated & unaudited) £'000	Year 31 December 2007 (audited) £'000
Cash	10,767	10,822	10,538
Cash held on trust for clients (a)	688	732	1,104
	11,455	11,554	11,642

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

(b) At 30 June 2008 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 £116.7 million (30 June 2007: £98.6 million). The Group has no beneficial interest in these deposits and accordingly they are not included on the balance sheet.

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

	Total £'000	Issued share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Employee benefit reserve £'000	Retained earnings £'000	Revaluation reserve £'000
At 1 January 2008	15,896	779	19	29	(439)	11,893	3,615
Purchase of ESOP shares	(123)	–	–	–	(123)	–	–
Sale of ESOP shares	96	–	–	–	96	–	–
Profit on sale of ESOP shares and dividends received	–	–	–	–	(12)	12	–
Share based payments credit	123	–	–	–	–	123	–
Profit on ordinary activities after taxation	1	–	–	–	–	1	–
Dividends paid	(316)	–	–	–	–	(316)	–
Increase/(decrease) in fair value of available for sale investments	(1,997)	–	–	–	–	103	(2,100)
Deferred taxation	659	–	–	–	–	71	588
Free shares issued to customers	85	2	–	83	–	–	–
Shares issued under offer for subscription	811	20	–	791	–	–	–
At 30 June 2008	15,235	801	19	903	(478)	11,887	2,103

9 Cash flow

	Half Year 30 June 2008 (unaudited) £'000	Half Year 30 June 2007 (restated & unaudited) £'000	Year 31 December 2007 (audited) £'000
Operating profit	411	493	1,163
Non-recurring costs - AIM	(655)	–	–
Other gains and losses	736	(11)	(118)
Depreciation of property, plant and equipment	37	39	75
Amortisation of intangible assets	8	8	16
Share-based payments	208	30	18
Operating cash flows before movement in working capital	745	559	1,154
Decrease/(increase) in receivables	(2,944)	(2,287)	506
(Decrease)/increase in payables	2,327	2,459	(454)
Cash generated by operations	128	731	1,206
Income taxes paid	(489)	(538)	(970)
Net cash from operating activities	(361)	193	236

