PLUS MARKETS GROUP PLC
ANNUAL REPORT 2006

CONTENTS

Chairman's Statement

PLUS Markets Group (or "the Company") continued to evolve rapidly in 2006 and now has the resources in place to take advantage of the opportunities offered by MiFID (the Markets in Financial Instruments Directive), which comes into effect in November 2007. The Company's final results, as announced today, are entirely in line with expectations and as predicted in my statement last year, the second half has seen an improvement on the first.

Had we decided to restrict ourselves to our existing business model, providing trading and quotation services for smaller companies, it is likely that the Company would have reported a trading profit within the first half of 2007, proving the viability of our model in 2006. For example, last year I reported that, following the launch of our extended trading platform offering, we had 12 broker members. We have now 46 broker members and during the year under review over half a million trades, worth a total of nearly £3 billion, representing over 5.75 billion shares, took place on the PLUS market rather than on traditional exchanges.

Furthermore, the PLUS platform has an increasing market share of trading in certain segments of the main market such as those companies that comprise the FTSE Fledgling index. Indeed, in a sizeable proportion of companies your Company now has a majority of the trades - disproving the old City adage that liquidity does not move.

At the EGM on 8 January 2007, just after the period under review, shareholders approved a significant fundraising of £25 million for the Company to strengthen its balance sheet, extend its trading services in preparation for MiFID and expand and promote the PLUS market's current equity market offering.

This successful placing gives your Company the resources that it needs to expand its business model. During 2007, the Company intends to commence trading the constituent companies of the FTSE 100 index and the remaining companies of the FTSE 250 index that are not already trading on our platform. We intend to commence trading these securities by 1 November 2007, at the latest, when MiFID comes into effect in UK law. We also intend to develop the capacity to trade the top 500 European securities, so that we have the opportunity to respond to further market demand.

It is also the Company's intention to offer a commercially compelling charging system. The traditional exchange model is becoming increasingly anachronistic and market participants are seeking reform. Your Company is similarly committed to providing competition and choice and is in tune with the drivers that are leading so many major users of markets to question the status quo.

It is intended that this continuing rapid development of the PLUS market will position your Company such that its offering will be commercially attractive in a post-MiFID environment, whether working in conjunction with other private initiatives, or being first to market ahead of potential competitors.

The Company also expects to see more competition in providing trading services for AIM companies. A statement by HM Treasury on 20 February 2007 has instigated a review by the Financial Services Authority about whether to liberalise the trade reporting regime for AIM companies. Liberalisation would increase competition in this area as it has done in other parts of the market. By allowing AIM securities to be traded on the PLUS market without regulatory encumbrance, the Company believes that this would be more in keeping with the spirit of MiFID and the drift of government policy in encouraging greater competition in the equity markets. Such competition is likely to increase the liquidity of these smaller companies by reducing the cost of trading.

In so far as the existing PLUS primary market for smaller companies is concerned, your Company is very much an advocate of quality rather than quantity and we regard this as the key issue in the London smaller companies marketplace today. We believe that London must ensure that it enforces appropriate quality controls on smaller companies to maintain its global reputation, and at PLUS Markets Group we do not shirk from taking appropriate regulatory and commercial steps to enforce proper market discipline. During the period under review, the PLUS branding was extended to our existing primary market for smaller companies. We now seek to consolidate its market positioning performing as a competitive quality market for small and mid-cap companies in our own right, and no longer as a feeder for other markets.

Your Board has seen a number of significant changes recently. Following the successful completion of the fund raising and having helped to see the Company through a period of rapid change, Helen Bagan and John Wedgwood have stood down as Non-executive Directors. I welcome two new Non-executive Directors, Ian Salter and Giles Vardey, both of whom are, inter alia, former directors of London Stock Exchange plc. I have no doubt that the contribution from such experienced market practitioners will prove invaluable to our new Board.

At the executive level, Darren Francis stepped down as Chief Financial Officer following the EGM. Brian Taylor, who has already taken up this role, brings a wealth of financial experience and knowledge of trading platforms to the Board supporting your Company's ambitions. Additionally, Cyril Théret has joined the Board as Business Development Director.

Your Company has applied to the Financial Services Authority to become a Recognised Investment Exchange ("RIE"), and this process is proceeding in line with our expectations. At senior management level, the Company has also made a number of new appointments and I am confident that your Company now has the right team and resources in place to realise its plans of attaining this status. Upon being granted RIE status - as your Board hopes and expects - we will launch new market segments to service the needs of investment trusts, REITS and structured products and bring competition to these parts of the UK equity market for the first time

Your Company's expansion proposals, as announced at the time of the Placing, represent a sea-change in the scale of our operations. The Placing is enabling the Company to fund a further substantial extension of our trading and quotation services, including into more liquid securities. This expansion of trading will involve a further significant investment in our trading capacity. In the current year, therefore, the Company will generate major additional infrastructure. These costs will precede any additional revenue. This will impact the Company becoming profitable in the current year. However, this investment will benefit your Company in the medium term.

At PLUS Markets Group, we look forward with great excitement to a year that will see us providing a market in offering full UK equity stock coverage with a status as a fully competitive stock exchange for London, competing across the board in both the secondary and primary markets.

Stephen Hazell-Smith
Chairman
23 March 2007

Operational and Financial Review

Operational Review

The period under review saw continuing rapid operational growth, including a concerted sales initiative to increase the number of PLUS Broker Dealer members in the first half of the year. During the period the Company also merged its market offering under the single brand of "PLUS". This was a significant project involving staff across the Company, as well as numerous external parties including the customer base.

The branding exercise concluded a redefinition of the Company's market offering. Equity securities can now be admitted to trading on the PLUS platform by either being Officially Listed through the FSA or quoted on AIM (known as "PLUS-traded securities") or via the Company's own primary market (known as "PLUS-quoted securities").

Risk Management

The Company has adopted systems and controls that enable it to identify the general, operational, legal and market risks, wherever they arise in its activities.

As part of the application to attain RIE status the Company must demonstrate to the Financial Services Authority that procedures are in place to identify, measure and control the different types of risk; responsibility for risk management is allocated to persons with appropriate knowledge and expertise; and sufficient, reliable information is provided to key individuals and, where relevant, the governing body of the RIE.

A comprehensive exercise to identify the principal areas of risk assessed risks in terms of their likelihood and impact. All risks considered to have a potentially severe or significant impact were deemed to be of low or medium likelihood and specific controls have been put in place in respect of each identified serious risk.

The main risks identified are:

- the reliance on IT and the importance of robust systems (in common with all exchanges);
- the importance of growing service volumes;
- the need for rigorous and vigilant credit control procedures to ensure the realisation of debtors; and
- the need to comply with Financial Services Authority regulations.

Financial Review

Turnover

Turnover at £2.17 million (2005 - £1.45 million) was 49% up on the previous year. This was primarily due to the introduction of two new revenue streams from:

- Trading Services - PLUS Broker Dealer and Market Maker membership; and
- Market Data Services - licences to distributors and terminal sales to end-users.

There were 60 new admissions to the PLUS primary market (2005 – 44) an increase of 36% and the number of PLUS-quoted issuers on the market at the end of 2006 stood at 185 (2005 – 154) an increase of 19%.

Expenditure

Total administrative expenditure was £3.41 million (2005 - £2.70 million). This included one-off costs of approximately £119,000 relating to the branding exercise. The increased expenditure was entirely in line with the Company's budgets and expectations and resulted from increased regulatory and IT headcount and trading service costs pertaining to the extension of the business model.

Loss for the year

The loss for the year was £1.33 million (2005 - £1.36 million) with a loss per share of 0.99p (2005 - 1.40p) a decrease of 29%.

Balance sheet and cash flow

Shareholders' funds at the year end stood at £2.63 million (2005 - £3.73 million) and cash decreased by £1.10 million (2005 - increase of £1.10 million). Following the post-balance sheet event of the successful placing of 178,571,429 new ordinary shares at 14p each in January 2007, the cash position stood at £25.59 million, £22.14 million more than at the start of 2006.

Brian Taylor
Chief Financial Officer
23 March 2007

Board of Directors and Advisers

Stephen Hazell-Smith (53)

Independent Non-executive Chairman

(from 20 January 2005)

Stephen is a UK institutional fund manager by background, including the founder and Managing Director of Rutherford Asset Management Ltd, where he created a number of highly successful smaller company investment vehicles, including Herald Investment Trust and Beacon Investment Trust. In 1997 he sold Rutherford Asset Management to Close Brothers Group and joined Close Investment Limited as Managing Director, where he was responsible for launching the Close Brothers AIM VCT. He is a director of Close Brothers AIM VCT plc, Chairman of Phoenix VCT plc and Chairman of Conduit PR Ltd, a financial public relations firm

Simon Brickles (42)

Chief Executive Officer

(from 1 November 2004)

Simon was previously employed as head of AIM at the London Stock Exchange, having served as its regulator as a member of the market's founding team. Simon was responsible for writing the original AIM Rules, introducing a fast-track procedure for companies with overseas listings and lobbying to secure AIM's positioning under the current European legislative framework. He also marketed and promoted AIM in the UK and overseas. Prior to that he practiced as a barrister. He was educated at Emmanuel College, Cambridge and the City University.

Brian Taylor (47)

Chief Financial Officer

(from 8 January 2007)

Brian is the Managing Director of BTA Consulting Ltd, a niche financial markets consultancy group with over 80 clients worldwide including a number of stock exchanges. Brian has previously been retained as a senior manager at Price Waterhouse and a vice-president at Merrill Lynch Europe Limited. He is a Chartered Accountant, qualifying with Arthur Andersen & Co in London and graduated from the Victoria University of Manchester.

Cyril Théret (36)

Business Development Director

(from 8 January 2007)

Cyril has been responsible for sales activities at the Company since January 2004. He previously spent five years with the London Stock Exchange where he held positions in market supervision and issuer services including Business Development Manager for North America. Cyril previously worked for State Street Bank and Trust in Paris, Munich and London. He holds a Maitrise d'Ingenierie Financiere and B.A. in International Economics.

Stephen Allcock (55) *+

Independent Non-executive Director

(from 1 January 2006)

Stephen is a Tax Barrister by profession, becoming a QC in 1993 and retiring from the Bar in 1999. Subsequently, he served as a Director at PricewaterhouseCoopers in their Private Client Department. Stephen pursues various interests in small businesses and he is a private investor in the stock market, in private equity and in commercial property.

Ian Salter (64) *#

Independent Non-executive Director

(from 8 January 2007)

Ian was Non-executive Deputy Chairman of the London Stock Exchange from 1990 until 2004. He is Investment Director of Tilney Investment Management, London, which took over SG Investment Management Limited where he had been Managing Director. He is a member of the Finance Committee for the City Take-Over Panel and sat on the Code Committee. He also served on the Financial Reporting Council for eight years and was a member of the UK Listing Authority Advisory Committee.

Nicholas Smith (55) *+

Independent Non-executive Director, Chairman of the Audit Committee

(from 1 January 2006)

Nicholas is a Chartered Accountant with a previous career in investment banking. He worked for Flemings, Jardine Fleming and HSBC in Europe and Asia and his roles have included being co-head of investment banking and Chief Financial Officer of the Jardine Fleming Group. He is a director of AIM-listed Asian Citrus Holdings and 4C Associates Ltd, a private company involved in outsourcing and procurement solutions.

Giles Vardey (50) +

Independent Non-executive Director, Chairman of the Remuneration Committee

(from 8 January 2007)

Giles served on the main board of the London Stock Exchange between 1992 and 1997, leading the implementation of SETS and the creation of AIM. He subsequently became CEO of Fidelity Brokerage Services and then Greig Middleton & Co, joining the board of parent company Gerrard plc. He is a member of the Securities Institute, has served on the Securities Trading Committee of the London Investment Banking Association and on the APCIMS Europe Committee. He is Chairman of Hunter-Fleming Ltd, Chairman of Trident Gaming Ltd and Chairman of the Boat Race Company Ltd, which organises the annual Oxford and Cambridge University Boat Race.

* Member of the Audit Committee
\+ Member of the Remuneration Committee
\# Member of the Nomination Committee

The independent Non-executive Directors are independent of management and free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement.

Company Secretary
Celia Whitten, Woodside Corporate Services, 4th floor, 150-152 Fenchurch Street, London EC2M 6BB

Nominated Adviser and Broker
Numis Securities Ltd, Cheapside House, 138 Cheapside, London EC2V 6LH

Auditors
Deloitte & Touche LLP, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR

Solicitors
Field Fisher Waterhouse, 35 Vine Street, London EC3N 2AA

Bankers
Bank of Scotland Plc, 155 Bishopsgate, London EC2M 3YB
Barclays Bank Plc, 54 Lombard Street, London EC3V 9EX
Close Brothers Limited, 10 Crown Place, London EC2A 4FT

Registrars
Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Report of the Directors

The Directors are pleased to present their Annual Report to shareholders, together with the audited financial statements for the year ended 31 December 2006.

Principal Activities

The Company's sole activity is that of a holding company, owning 100% of PLUS Markets plc (formerly Ofex plc), which is engaged in the operation of the PLUS market and is authorised and regulated by the Financial Services Authority. The Group's market offering comprises three activities:

1. Trading services - a quote-driven trading platform which supports liquidity in small and mid-cap companies offering trading in unlisted and listed securities quoted elsewhere in London, as well as securities quoted on its own primary market. Brokers and market makers who wish to trade on PLUS must be a member of the market.

2. Market data services - the Company provides a real-time information feed offering proprietary PLUS trading data. Information vendors subscribe to the data and market participants pay an end-user per-terminal charge to access real-time data.

3. Company services - the Company provides services for the admission to trading on PLUS via a quotation on the PLUS primary market or by being listed or quoted on other markets in London, company news dissemination via Newstrack PLUS, and a membership structure for PLUS Corporate Advisers.

Results and Dividends

The results for the year are set out on page 25. The Directors are not recommending the payment of a dividend for the year ended 31 December 2006 (2005 - nil).

Review of Business and Future Developments

A review of the business and future developments is contained in the Chairman's Statement and the Operational and Financial Review on pages 4 to 7.

Share Capital

Details of the Company's share capital are shown in note 13.

Substantial Shareholdings

At 20 March 2007, the following shareholders were registered as holding three per cent or more of the issued share capital of the Company:

Close Brothers Group plc	24.91%
Cazenove Capital Management	9.47%
Cenkos Securities Limited	5.73%
J M Finn & Co	4.88%
Lloyds TSB Group plc	4.56%
Barclays Stockbrokers	3.82%
Bank of New York DBV	3.30%
Charles Stanley	3.06%

Directors and their interests

The Directors of the Company, their biographies and respective appointment dates are set out on pages 8 to 9. In accordance with the Company's Articles of Association, Messrs Salter, Taylor, Théret and Vardey will retire at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for reappointment. Mr Hazell-Smith is retiring by rotation and being eligible will offer himself for reappointment.

The Board has considered provision A.7.2 of the Combined Code 2006 and believes that Messrs Salter, Taylor, Théret, Vardey and Hazell-Smith continue to be effective and to demonstrate commitment to their roles, the Board and the Company. The Board therefore has no hesitation in recommending them for re-election at the forthcoming Annual General Meeting.

Directors' beneficial interests in the 5p ordinary shares of the Company, according to the registers maintained under the Companies Act 1985, are set out below:

Directors	Shareholding as at 31 December 2005 or date of appointment if later	Shareholding as at 31 December 2006	Shareholding as at 28 February 2007
S J Allcock (appointed 1 January 2006)	750,000	750,000	892,857
H Bagan (resigned 8 January 2007)	200,000	200,000	-
S M Brickles	900,000	900,000	1,078,571
D S Francis (resigned 10 January 2007)	300,000	300,000	-
I G Salter (appointed 10 January 2007)	-	-	357,143
S J Hazell-Smith	1,100,000	1,100,000	1,814,286
N M N Smith (appointed 1 January 2006)	100,000	100,000	278,571
B Taylor (appointed 10 January 2007)	-	-	71,429
C Théret (appointed 10 January 2007)	-	-	271,428
G E Vardey (appointed 10 January 2007)	-	-	53,571
J A T Wedgwood (resigned 10 January 2007)	300,000	300,000	-

Other than as disclosed, no Director of the Company had any interest (beneficial or non-beneficial) in any shares of the Company or its subsidiaries at the dates stated and there has been no change in such interests between 28 February and 23 March 2007.

Details of options over ordinary shares of the Company held by the Directors are set out in the Directors' Report on Remuneration on pages 19 to 22.

Enterprise Investment Scheme and Venture Capital Trusts

The Directors obtained confirmation from the Inland Revenue that the issue of ordinary shares in the Company up to and including 2004 rank as qualifying investments for the purposes of Enterprise Investment Scheme ("EIS") and will be a "qualifying holding" for the purposes of investment by Venture Capital Trusts ("VCTs"). No confirmation has been applied for in respect of the Placings in September 2005 and January 2007 and shareholders who are interested in such reliefs should contact the Company Secretary.

The continuing availability of EIS reliefs and the status of the ordinary shares, as a qualifying holding for VCT purposes, will be conditional, inter alia, on the Company continuing to satisfy the requirements for a qualifying company throughout the period of three years from the date of the investor making their investment (under EIS) and, for VCT purposes, throughout the period the ordinary shares are held as a qualifying holding.

Investors considering taking advantage of any of the reliefs under the EIS or available to VCTs should seek their own professional advice in order that they may fully understand how the rules apply in their individual circumstances.

Power to allot ordinary shares

At an Extraordinary General Meeting of the Company held on 8 January 2007, shareholders approved a resolution authorising the Directors, in substitution for all authorities in existence immediately prior to such resolution being passed, to allot securities up to an aggregate nominal amount of £14,148,306.95. At that meeting the shareholders also approved a special resolution pursuant to that authority authorising the Directors to allot equity securities, limited as follows:

a) up to an aggregate amount of £8,928,571.45 pursuant to the placing of up to 178,571,429 new ordinary shares of the Company;
b) to existing shareholders in proportion to their existing holdings; and
c) (otherwise than pursuant to sub-paragraphs a) and b) above) up to an aggregate nominal amount of £782,960.33

In line with common practice, it is proposed that the Directors' powers to allot securities should be renewed until the conclusion of the Annual General Meeting in 2008 and the appropriate resolution to empower Directors to allot securities up to an aggregate nominal amount of £5,219,735.50 (being 33% of the issued share capital) is set out in the notice of Annual General Meeting, on page 41 of this report. Approval is also being sought to continue to dis-apply statutory pre-emption rights generally in relation to allotments for cash of ordinary shares up to a nominal value of £782,960.33 representing approximately 5% of the current issued share capital of the Company.

Donations

No donations were made during the year for either charitable or political purposes (2005 - nil).

Policy and practice on the payment of creditors

The Company does not adhere to an established code or standard for the payment of trade creditors, as it does not have significant trade creditors. The Company endeavours to settle trade creditor liabilities in accordance with suppliers' terms and conditions.

Annual General Meeting

The Notice convening the Annual General Meeting of the Company to be held on Thursday, 19 April 2007 at 2.30 p.m. is given on page 41 of this report.

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 ought to have taken as a Director in order to make himself 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.

Approved by the Board of Directors and signed on behalf of the Board

Celia L Whitten FCIS
Company Secretary
23 March 2007

Corporate Governance

Compliance with the Combined Code

Whilst compliance with the Combined Code of Corporate Governance is not mandatory for the Company under its current listing status, the Company is applying to the Financial Services Authority to become an RIE. Accordingly, the Board is committed to applying the principles of the Combined Code and complying with provisions where it considers they are appropriate to a company of this size and nature.

Board of Directors and Board Committees

The Board of Directors, which comprises three executive Directors and five Non-executive Directors, is responsible for corporate governance. The role of the Non-executive Directors is to bring independent judgment to Board discussions and decisions.

The Board meets monthly and a schedule of matters reserved for the Board has been adopted and is reviewed periodically. Included in such matters so reserved is approval of the Company's strategy for its business, financing and insurance risk management, and approval of its financial results and budgets. At each meeting, the Directors receive a report on key business matters from the Chief Executive Officer, financial information on the Company from the Chief Financial Officer, a marketing/strategy report from the Business Development Director and a regulatory and compliance report from the Head of Regulation. The Board is satisfied with the form, quality, timing and appropriateness of the information it receives. There are also daily meetings of the executive Directors, who are responsible for overseeing and managing the operations of the Company.

During the year under review the following meetings were held:

10 full Board meetings
All Directors attended all meetings with the exception of Helen Bagan, Darren Francis, Nicholas Smith and John Wedgwood who were each unable to attend one of those meetings.

2 Audit Committee meetings
All Members attended

2 Remuneration Committee meetings
All Members attended

The Company has appointed committees to make recommendations to the Board in specific areas:

Audit Committee
Nicholas Smith (Chairman)
Stephen Allcock
Ian Salter

The Audit Committee deals with matters relating to audit, financial reporting and internal control systems. The Committee meets at least twice a year to review the half year and full year results prior to their submission to the Board. A representative of the Company's auditors, the Chairman, the Chief Financial Officer and Chief Executive Officer may also attend by invitation. The Committee met three times in relation to the year ended 31 December 2006. The Audit Committee reviews the nature and extent of non-audit services supplied by the external auditors of the Company, seeking to balance objectivity and value for money.

Remuneration Committee

Giles Vardey (Chairman)
Stephen Allcock
Nicholas Smith

Details of the work of the Remuneration Committee are set out in the Directors' Report on Remuneration on pages 19 to 22.

Nomination Committee

Stephen Hazell-Smith (Chairman)
Ian Salter
Giles Vardey

The recently established Nomination Committee will meet as necessary to make recommendations to the Board on all new Board appointments and to consider executive and Board succession planning. Defined terms of reference have been drawn up for its operation.

Senior Independent Director

Mr Ian Salter was recently appointed Senior Independent Director. His tasks include being available to shareholders if they have concerns, which contact through the normal channels of Chairman, Chief Executive or Chief Financial Officer has failed to resolve, and chairing the Nomination Committee when it is considering succession to the role of Chairman. He will also meet with the non-executive directors at least once a year to appraise the Chairman's performance.

Internal control and risk management

The Directors are responsible for ensuring that the Company maintains a system of internal control, which is designed to provide them with reasonable assurance regarding the reliability of information used within the business and to safeguard the Company's assets. At the time of approving the financial statements, the overall internal control system was found by the Directors to be appropriate to the nature and size of the business.

The key features of the Company's control framework include:

- Organisational structure: There is a clear organisational structure within which individual responsibilities are identified and can be monitored.
- Delegation of authority: Executive Directors have general responsibility for making and implementing operational decisions and for overseeing the Company's business. Matters reserved for Board approval are clearly defined.
- Planning and reporting: The Board of Directors approves strategic decisions and the budget for the forthcoming year and receives reports on key business matters from relevant personnel at each meeting. Monthly reports to management contain key performance indicators and compare actual financial performance against the annual budget or forecast. Management action is taken where variances arise and revised forecasts are produced on a regular basis.
- Detailed procedures: Procedures and controls for key business functions are set out in departmental manuals. These are reviewed and updated in line with changing business needs.
- Identification and evaluation of business risks and control objectives: The Board has the primary responsibility for identifying the major business risks facing the Company and developing appropriate controls to manage these risks. The risk management approach is to identify the most significant areas of risk and to determine key control objectives. Risk management procedures are documented and used by the Board of Directors in the monitoring process.
- Monitoring: The Board of Directors reviews the operation and effectiveness of the framework of internal control and risk management at least annually.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Group, and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group 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.

Going concern

After making the necessary enquiries, the Directors confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future. The Directors believe that it is appropriate to continue to apply the going concern basis in preparing the financial statements.

Relations with shareholders

Directors regularly meet with major shareholders and maintain an open dialogue through an ongoing investor relations programme. Shareholders have the opportunity to meet the Board at the AGM. In addition to the formal business of the AGM, the Board is available to answer any questions a shareholder may have. The Board is also happy to respond to any written queries made by shareholders during the course of the year. The Company's website can be found at www.plusmarketsgroup.com.

Compliance statement

Although the Company is quoted on AIM and is not subject to the UKLA Listing Rules, those Rules require the Board to report on compliance with the forty-eight Combined Code provisions throughout the accounting year. The Company has complied throughout the accounting year to 31 December 2006 with the provisions set out in Section 1 of the Combined Code in so far as they are appropriate for a company of this size and nature.

Directors' Report on Remuneration

Remuneration Committee

During the year the Committee comprised John Wedgwood (Chairman of the Committee), Stephen Allcock, Helen Bagan and Nicholas Smith. Since 8 January 2007, when Mr Wedgwood and Ms Bagan left the Board, Giles Vardey has assumed the role of Chairman of the Committee. The Remuneration Committee is responsible to the Board for establishing the Company's remuneration policy, taking due note of the recommendations set out in the Combined Code, and for determining the salary, incentives and other benefits of the Executive Directors, taking advice as appropriate. Additionally, the Committee reviews and approves management recommendations in respect of share option schemes or other performance related incentive arrangements for executives and employees, again taking note of the recommendations set out in the Code. The Committee meets as required.

Remuneration policy

The objectives of the Company's remuneration policy are to ensure that Executive salaries and incentives are aligned with the performance of the individuals, the Company, and the interests of shareholders. Executive remuneration arrangements are designed to be competitive and to attract, motivate and retain executives of the calibre necessary to maintain and develop the Company.

Share Option Plans ("The PLUS Markets Plans") (formerly "the Ofex Plans")

The PLUS Markets Plans comprise the PLUS Markets Company Share Option Plan (the "CSOP"), the PLUS Markets Unapproved Share Option Plan (the "Unapproved Plan") and the PLUS Markets EMI Share Option Plan (the"EMI Plan"). The CSOP is approved by the Inland Revenue under Schedule 9 to the Income and Corporation Taxes Act 1988. The EMI Plan provides for the grant of qualifying options under the enterprise management incentive arrangements under Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003 ("Schedule 5").

The PLUS Markets Plans are administered by the Board. The Board may delegate its powers to the Remuneration Committee. All employees who work for the Company and such subsidiaries of the Company as are designated as participating companies by the Board are eligible to participate in the PLUS Markets Plans. Only employees with committed time for the purposes of Schedule 5 of at least 25 hours a week (or, if less, 75% of their working time) are eligible under the EMI Plan.

The total number of share options outstanding under the PLUS Markets Plans at 31 December 2006 was 8,551,833 (2005 - 9,809,106) and details are as follows:

	Number of Share Options	Exercise Price	Grant Date	Earliest Exercise Date	Expiry Date
	165,000	25p	01 04 2003	01 04 2006	31 03 2013
	541,833	29.5p	11 03 2004	11 03 2007	10 03 2014
	290,909	6.875p	11 03 2005	11 03 2008	10 03 2015
	2,809,091	7.25p	17 03 2005	17 03 2008	16 03 2015
	3,800,000	24.125p	16 12 2005	16 12 2008	15 12 2015
	945,000	32.75	18 05 2006	18 05 2009	17 05 2016
Issued since 31 December 2006:					
	12,547,537	17.25p	18 01 2007	18 01 2010	17 01 2017

Directors' remuneration

The remuneration of the Directors for the year ended 31 December 2006 was as follows:

	2006			2005		
	Salary/Fees	Benefits	Total	Salary/Fees	Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
S J Allcock	24	-	24	-	-	-
H Bagan	24	-	24	18	-	18
S M Brickles	78	1	79	103	1	104
D S Francis	87	1	88	78	1	79
S J Hazell-Smith	25	-	25	19	-	19
N M N Smith	24	-	24	-	-	-
J A T Wedgwood	24	-	24	23	-	23
	286	2	288	241	2	243

Service agreements and letters of appointment

Simon Brickles and Cyril Théret have service agreements with PLUS Markets plc which may be terminated by either party giving to the other not less than six months' notice in writing. Mr Francis, who resigned on 8 January 2007, had a similar service agreement. Mr Taylor provides services under a contract agreed with BTA Consulting Limited. This agreement may be terminated by either party giving to the other not less than six months' notice in writing.

Each of the Non-executive Directors has a letter of appointment whereby their appointment will continue until determined by either party on three months' written notice but subject to the provisions of the Company's Articles of Association relating to appointment and retirement.

Copies of the service agreements and letters of appointment are available for inspection by any person at the Company's registered office during normal business hours and will be made available at the Annual General Meeting (for fifteen minutes prior to the meeting and during the meeting).

There are no other service agreements or letters of appointment in existence between any Director and the Company or any company in the Group, which cannot be determined, by the relevant company without payment of compensation (other than statutory compensation) within one year.

Directors’ interests in options over shares of the Company

Details of options over ordinary shares of 5p each of the Company held by the Directors are set out below:

Directors	Date of Grant	Earliest Exercise of Grant	Expiry Date	Exercise Price	Number at Date of Grant	Number at 31 December 2006
S M Brickles	11 03 2004	11 03 2007	10 03 2014	29.5p	338,983	
	17 03 2005	17 03 2008	16 03 2015	7.25p	700,000	
	16 12 2005	16 12 2008	15 12 2015	24.125p	1,500,000	2,538,983
D S Francis	11 03 2004	11 03 2007	10 03 2014	29.5p	65,000	
	17 03 2005	17 03 2008	16 03 2015	7.25p	700,000	
	16 12 2005	16 12 2008	15 12 2015	24.125p	800,000	1,565,000

Simon Brickles and Cyril Théret were granted 1,845,595 and 1,557,449 share options respectively on 18 January 2007. Prior to becoming a Director Cyril Théret had been granted 1,417,800 share options. The options granted to Simon Brickles, Darren Francis and Cyril Théret were granted under the PLUS Markets EMI Share Option Plan and The PLUS Markets Unapproved Share Option Plan. All options were granted in respect of qualifying service. None of the terms and conditions of the share options granted was varied during the year.

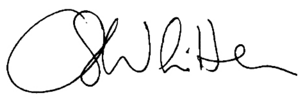
As disclosed in the Placing Document dated 13 December 2006 BTA Consulting Limited, the company through which Mr Taylor provides services, has been granted options over 3,131,841 ordinary shares of 5p each representing one per cent of the current issued share capital.

Pensions

The Company does not contribute to pension arrangements for its employees but makes available a stakeholder pension provider.

On behalf of the Board

Celia L Whitten FCIS



Independent Auditors’ Report to the Members of PLUS Markets Group plc

We have audited the group and parent company’s financial statements (the ''financial statements'') of PLUS Markets Group plc for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and related notes, and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 Operating and Financial 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 the other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's loss for the year then ended;
- the financial statements 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

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, England
23 March 2007

Consolidated Profit and Loss Account

for the year ended 31 December 2006

	Note	**2006 £**	2005 £
Turnover	1	**2,168,734**	1,446,458
Administrative expenses		**(3,414,006)**	(2,697,172)
Share based charge	2	**(209,283)**	(209,858)
Operating loss	4	**(1,454,555)**	(1,460,572)
Interest receivable		**120,954**	97,866
Loss on ordinary activities before taxation		**(1,333,601)**	(1,362,706)
Tax on loss on ordinary activities	5	**-**	-
Loss on ordinary activities after taxation and retained loss for the year	14	**(1,333,601)**	(1,362,706)
Basic and diluted loss per share	6	**(0.99)p**	(1.40)p

The above all derive from continuing operations.

There were no recognised gains or losses other than the loss for the period shown above. Accordingly, no Statement of Recognised Gains and Losses has been prepared.

Consolidated Balance Sheet

as at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Intangible assets	7	**500,000**	500,000
Tangible assets	8	**250,125**	442,197
Investments	9	**929**	929
		751,054	943,126
Current assets			
Debtors and prepayments	10	**1,586,419**	600,132
Accrued income		**4,168**	1,806
Cash at bank and in hand		**2,347,633**	3,448,982
		3,938,220	4,050,920
Creditors: amounts falling due within one year			
Creditors and accruals	12	**(465,659)**	(399,782)
Deferred income		**(1,594,992)**	(861,324)
		(2,060,651)	(1,261,106)
Net current assets		**1,877,569**	2,789,814
Total assets		**2,628,623**	3,732,940
Capital and reserves			
Called up share capital	13	**6,730,635**	6,726,635
Share premium	14	**1,524,275**	1,508,274
Profit and loss account	14	**(5,626,287)**	(4,501,969)
Equity shareholders' funds	14	**2,628,623**	3,732,940

These financial statements were approved by the Board of Directors and authorised for issue on 23 March 2007.
Signed on behalf of the Board of Directors

Stephen Hazell-Smith
Chairman

Company Balance Sheet

as at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Investment in subsidiaries	9	**419,143**	209,860
Current assets			
Debtors and prepayments	10	**17,191**	19,705
Cash at bank and in hand		**2,193,215**	3,356,526
		2,210,406	3,376,231
Debtors: amounts falling due after more than one year			
Due from subsidiary – Plus Markets plc	11	**736**	151,987
Creditors: amounts falling due within one year	12	**(1,662)**	(5,138)
Net current assets		**2,209,480**	3,523,080
Total assets		**2,628,623**	3,732,940
Capital and reserves			
Called up share capital	13	**6,730,635**	6,726,635
Share premium	14	**1,524,275**	1,508,274
Profit and loss account	14	**(5,626,287)**	(4,501,969)
Equity shareholders' funds	14	**2,628,623**	3,732,940

These financial statements were approved by the Board of Directors and authorised for issue on 23 March 2007.
Signed on behalf of the Board of Directors

Stephen Hazell-Smith
Chairman

Consolidated Cash Flow Statement
for the year ended 31 December 2006

	Note	2006 £	2005 £
Net cash outflow from operating activities	A	**(1,152,192)**	(1,176,136)
Returns on investments and servicing of finance:			
Interest received		**120,954**	97,866
Interest paid		-	-
Net cash inflow from returns on investments and servicing of finance		**120,954**	97,866
Taxation			
UK corporation tax paid		**-**	-
Capital expenditure			
Payments to acquire tangible fixed assets		**(90,112)**	(366,022)
Rental deposit/cash cover relating to loan financing		-	169.000
Net cash outflow from capital expenditure		**(90,112)**	(197,022)
Financing			
Proceeds on issue of ordinary share capital		**20,001**	2,469,715
VAT rebate on previous share issues		**-**	69,380
Net loan financing		**-**	(166,667)
Net cash inflow from financing		**20,001**	2,372,428
(Decrease)/Increase in cash	B	**(1,101,349)**	1,097,136

Notes to the Consolidated Cash Flow Statement
for the year ended 31 December 2006

A. Reconciliation of operating loss to net cash outflow from operating activities

	2006 £	2005 £
Operating loss	**(1,454,555)**	(1,460,572)
Depreciation	**282,184**	169,530
Share based charge	**209,283**	209,858
Increase in debtors	**(988,649)**	(248,592)
Increase in creditors	**799,545**	153,640
Net cash outflow from operating activities	**(1,152,192)**	(1,176,136)

B. Analysis of changes in net funds during the year

	2006 £	2005 £
Balance at 1 January	**3,448,982**	2,351,846
Net cash inflow / (outflow)	**(1,101,349)**	1,097,136
Balance at 31 December	**2,347,633**	3,448,982

Represented by:

	At 31 December 2005 £	Cash flows £	At 31 December 2006 £
Cash in hand and at bank	3,448,982	(1,101,349)	**2,347,633**

Notes to the Financial Statements

Year ended 31 December 2006

1 Accounting Policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards (UK GAAP). The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents amounts derived from the provision of services which fall within the Company's ordinary activities after deduction of value added tax, all of which arise in one business segment and one geographical region, the United Kingdom. The turnover and pre-tax loss are attributable to the operation of the PLUS market. Deferred income arises on annual issuer and membership fees of the market and the trading service that are invoiced in advance of the service being provided.

Share based charge

The Company has adopted FRS 20 'Share-based Payment', application of which is mandatory for periods commencing on or after 1 January 2006. FRS 20 requires the recognition of share-based payments to employees at fair value at the date of grant. Prior to the adoption of FRS 20, the Company recognised the financial effect of the share based payment in accordance with UITF Abstract 17 (revised 2003) 'Employee Share Schemes'. In accordance with transitional provisions of FRS 20, the standard was applied retrospectively to all options granted after 7 November 2002 that were not yet vested as of 1 January 2006.

The Company issues equity-settled share-based payments to certain employees. Equity-settled 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 over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the QCA-IRS Option Valuer™ (based on the Black –Scholes-Merton model). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

For the year ended 31 December 2005, the change in accounting policy has resulted in an increase in the loss before and after tax of £209,858. For the year ended 31 December 2006, the impact of share-based payments is a charge of £209,283. Net assets do not change. The 2005 comparative figures have been restated to take account of the effect of the introduction of FRS 20.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis.

Intangible fixed assets

The right to operate the PLUS market is valued at cost of acquisition less provision for any impairment.

Tangible fixed assets

Depreciation is provided on cost in equal monthly instalments over the estimated useful lives of the assets. For all fixed assets, namely, furniture and fittings, office equipment and computer equipment this is at the rate of 33 1/3% per annum.

Investments

Investments held as fixed assets are carried at cost less a provision for impairment, if required.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not to be recovered. Deferred tax balances are not discounted.

Company profit and loss account

The Company has taken advantage of section 230 of the Companies Act 1985 not to present its own profit and loss account. The Company's profit for the financial year ended 31 December 2006 amounted to £67,649 (2005 - £34,865), comprising interest received, administrative expenses and the write-off of inter-company indebtedness at 31 December 2005 (see note 11).

Notes to the Financial Statements continued

Year ended 31 December 2006

2 Share-based charge

The Company has a share option scheme for employees of the Group. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of seven years from the date of grant, the options expire. Options may be forfeited if the employee leaves the Group before the options vest.

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

	2006 No. of share options	**Weighted average exercise price**	2005 No. of share options	Weighted average exercise price
Outstanding at beginning of period	**9,809,106**	**25p**	2,166,833	25p
Granted during the period	**995,000**	**32.75p**	8,977,273	25p
Forfeited during the period	**(2,172,273)**	**25p**	(1,335,000)	25p
Exercised during the period	**(80,000)**	**25p**	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	**8,551,833**	**25p**	9,809,106	25p
Exercisable at the end of the period	**165,000**	**25p**	-	-

The weighted average share price at the date of exercise for share options exercised during the period was 28.5p. The options outstanding at 31 December 2006 had a weighted average exercise price of 25p, and a weighted average remaining contractual life of 8.6 years. In 2006, options were granted on 18 May. The aggregate of the estimated fair values of the options granted on that date is £60,685 as at 31 December 2006. In 2005, options were granted on 11 March, 17 March, 4 May and 16 December. The aggregate of the estimated fair values of the options granted on those dates is £1,121,240.

The inputs into the QCA-IRS Option Valuer™ are as follows:

	2006	2005
Weighted average share price	**27p**	27p
Weighted average exercise price	**25p**	25p
Expected volatility	**46%**	46%
Expected life	**3.5 years**	3.5 years
Risk free rate	**4.4%**	4.4%
Expected dividend yield	**0%**	0%

Expected volatility was determined by reference to the historical volatility of the Group's share price over the previous two years, modified by the increased liquidity of ordinary shares following the placing in January 2007. The expected life used in the valuation has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of £209,283 relating to equity-settled share-based payments in 2006 (2005 - £209,858).

3 Information regarding Directors and employees

	2006 No.	2005 No.
The average number of persons employed by the Group (including Directors) during the year was:	**22**	17

	£	£
Aggregate staff costs during the year were:		
Wages and salaries	**1,341,754**	841,645
Social security costs	**147,314**	98,519
Other benefits	**26,845**	18,217
	1,515,913	958,381
Emoluments of the Directors of the Group (which are included in the above figures) were as follows:		
Emoluments	**404,135**	301,036
Highest paid Director's remuneration:		
Aggregate of emoluments	**88,288**	104,395

There were no pension scheme contributions on behalf of Directors during the current or preceding year.

4 Operating loss

	2006 £	2005 £
The operating loss was arrived at after charging:		
Depreciation	**282,184**	169,530
Auditors' remuneration:		
- audit fees (including £5,000 (2005 - £3,000) in respect of the parent)	**15,000**	10,087
- non audit fees in respect of the interim review and tax services	**13,000**	7,000

5 Tax on loss on ordinary activities

	2006 £	2005 £
UK corporation tax at 30%	**-**	-
Adjustments in respect of prior years	**-**	-
	-	-

The actual tax charge for the current and preceding period differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2005 - 30%), for the reasons set out in the following reconciliation:

	2006 £	2005 £
Loss on ordinary activities before tax	**(1, 333,601)**	(1, 362,706)
Tax on loss on ordinary activities at standard rate	**400,080**	408,812
Add/(less) tax effect of:		
Expenses not deductible for tax purposes	**(68,864)**	(66,055)
Capital allowances in excess of depreciation	**(101,072)**	(48,132)
Increase in tax losses carried forward	**(230,179)**	(294,637)
Non-taxable Income	**35**	12
Other timing differences	**-**	-
Adjustments in respect of prior years	**-**	-
Total actual amount of current tax	**-**	-

6 Loss per ordinary share

Basic loss per share has been calculated by dividing the loss on ordinary activities after taxation by the weighted number of shares in issue during the period. Diluted loss per share is basic loss per share adjusted for the effect of conversion into fully paid shares of the weighted average number of share options granted during the period.

	2006	2005
	£	£
Loss on ordinary activities before tax	**(1,333,601)**	(1,362,706)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	**134,577,948**	97,272,427
Effect of dilutive potential ordinary shares:		
Share options	**123,863**	-
Weighted average number of ordinary shares for the purposes of basic loss per share	**134,701,811**	97,272,427
	Pence	Pence
Basic and diluted loss per share	**(0.99)**	(1.40)

7 Intangible fixed assets

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Intellectual property rights	**500,000**	500,000	**-**	-

The carrying value above relates to the cost of acquisition in 2002 by PLUS Markets plc from SJ&S plc of the rights to the PLUS market.

8 Tangible fixed assets

Group	Furniture and fittings £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2006	234,832	148,565	608,916	992,313
Additions	934	-	89,178	90,112
At 31 December 2006	235,766	148,565	698,094	1,082,425
Accumulated depreciation				
At 1 January 2006	155,301	122,502	272,313	550,116
Charge for the period	62,144	19,693	200,347	282,184
At 31 December 2006	217,445	142,195	472,660	832,300
Net book value				
At 31 December 2006	18,321	6,370	225,434	250,125
At 31 December 2005	79,531	26,063	336,603	442,197

9 Fixed asset investments

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Listed investments	**929**	929	**-**	-
Investments in subsidiary - PLUS Markets plc	**-**	-	**419,142**	209,859
Investments in subsidiary - Kudosoption plc	**-**	-	**1**	1
	929	929	**419,143**	209,860

The investment in PLUS Markets plc includes a capital contribution for the share based charge of £209,283 (2005 - £209,858).

10 Debtors

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Trade debtors	**1,369,163**	406,044	**-**	-
Prepayments	**182,006**	152,651	**14,176**	13,545
Other debtors	**35,250**	35,277		-
VAT repayable	**-**	6,160	**3,015**	6,160
	1,586,419	600,132	**17,191**	19,705

Other debtors includes a rental deposit of £35,250 paid in relation to the granting of the lease on the Company's existing offices, which is due for repayment after more than one year and over which the Company has granted a charge to the landlord.

11 Debtors: Amounts falling due after more than one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Due from subsidiary	**-**	-	**736**	151,987

The amount due from the wholly owned subsidiary, PLUS Markets plc, was written down at 31 December 2006 by £1,401,249 (2005 - £1,397,532) to ensure that the net asset position of the parent company on a stand alone basis is identical to the position on a consolidated group basis.

12 Creditors: Amounts falling due within one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Trade creditors	**149,763**	20,274	**-**	-
VAT payable	**172,065**	10,009	**-**	-
Other creditors	**52,139**	39,108	**-**	90
Accruals	**91,692**	330,391	**1,662**	5,048
	465,659	399,782	**1,662**	5,138

13 Called up share capital

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Authorised:				
200,000,000				
(2005 – 200,000,000)				
Ordinary shares of 5p each	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Allotted and fully paid:				
134,612,701				
(2005 – 134,532,701)				
Ordinary shares of 5p each	**6,730,635**	6,726,635	**6,730,635**	6,726,635

The total number of share options outstanding under the PLUS Markets Plans at 31 December 2006 was 8,551,833 (2005 – 9,809,106) – refer to page 20 for full details.

14 Equity shareholders' funds

	Share capital account £	Share premium account £	Profit and loss account £	2006 Total £	2005 Total £
At 1 January	6,726,635	1,508,274	(4,501,969)	**3,732,940**	2,346,693
Shares issued	4,000	16,001	-	**20,001**	2,500,000
Share admission expenses	-	-	-	**-**	(30,285)
VAT rebate on share issues	-	-	-	**-**	69,380
Reversal of share based charge	-	-	209,283	**209,283**	209,858
Loss for the year	-	-	(1,333,601)	**(1,333,601)**	(1,362,706)
At 31 December	6,730,635	1,524,275	(5,626,287)	**2,628,623**	3,732,940

15 Deferred tax

A deferred tax asset has not been recognised in respect of timing differences relating to excess tax losses carried forward, capital allowances in excess of depreciation and unexercised share options, as there is insufficient evidence that the asset would be recoverable. The amount of this asset that is not recognised is approximately £1,824,000 (2005 - £1,411,000). The asset would be recoverable if sufficient taxable profits are made in the future.

16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2006		2005	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Expiry date -				
between two and five years	**99,028**	**-** 99,028	-	-

17 Related party transactions

In accordance with Financial Reporting Standard No.8, "Related Party Disclosures", transactions with other group undertakings 100% owned by the ultimate parent company have not been disclosed in these financial statements. There were no other related party transactions.

18 Post balance sheet events

On 8 January 2007, PLUS Markets Group plc undertook a successful Placing of 178,571,429 new Ordinary Shares at 14 pence per share to raise £25 million before expenses. This is a significant equity fundraising for the Company and the Placing Shares represent 57.02 per cent of the enlarged issued share capital. The funding is to support significant new business opportunities available to the Company as a result of factors such as potential global exchange consolidation and the changing regulatory framework under MiFID which is due to be implemented from November 2007.

The Company has also applied for Recognised Investment Exchange (RIE) status and is updating its technology platform.

On 27 February 2007, PLUS Markets Group plc entered into guarantee arrangements with its subsidiary to guarantee the liabilities of the subsidiary to the extent of the Group's balance sheet, while leaving a buffer of £5 million.

19 Registration

The Company is incorporated in Great Britain. Copies of the annual report are available from the registered office of the Company.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of PLUS Markets Group plc will be held at the Royal Albert & Royal Victoria Room, The Baltic Exchange, 38 St Mary Axe, London, EC3A 8BH on Thursday, 19 April 2007, at 2.30pm, for the following purposes:

Ordinary Business

1. To receive and adopt the financial statements for the year to 31 December 2006 and the Directors' and Auditors' reports thereon;

2. To approve the Directors' Remuneration Report;

3. To re-appoint Ian Salter as a Director;

4. To re-appoint Brian Taylor as a Director;

5. To re-appoint Cyril Théret as a Director;

6. To re-appoint Giles Vardey as a Director;

7. To re-appoint Stephen Hazell-Smith as a Director;

8. To re-appoint Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider and if thought fit, pass Resolution 9 as an Ordinary Resolution and Resolution 10 as a Special Resolution:

Resolution 9:

That, in substitution for all existing authorities, the Directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (as amended) (the 'Act') to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of this section) up to an aggregate nominal amount of £5,219,735.5 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next Annual General Meeting of the Company after the date on which the resolution is passed but the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Directors may allot relevant securities in pursuance of that offer or agreement as if this authority had not expired.

Special Resolution

Resolution 10:

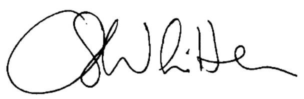
That, in substitution for all existing powers, the Directors be generally empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) of the Company for cash pursuant to the authority conferred by Resolution 9 as if section 89(1) of the Act did not apply to such allotment provided that this power:

(i) shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company save that the Company may make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement notwithstanding such expiry; and

(ii) shall be limited:

(a) to allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares made in proportion (or as nearly as may be) to their existing holdings of ordinary shares subject to the Directors having a right to make such exclusions or other arrangements in connection with such offering as they may deem necessary or expedient to deal with equity securities representing fractional entitlements, and legal or practical problems under the laws of any territory, or the requirements of any recognised regulatory body or any stock exchange; and (b) to allotments (otherwise than pursuant to sub-paragraph (ii)(a) above) of equity securities for cash up to an aggregate nominal amount equal to £782,960.33 (representing approximately 5% of the current issued share capital).

By Order of the Board



Celia L Whitten FCIS
Company Secretary
23 March 2007

Standon House
21 Mansell Street
London E1 8AA

NOTES

a) A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.

b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, Proxy Processing Centre, at Telford Road, Bicester, OX26 4LD, so as to be received by no later than 48 hours before the time the annual general meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the annual general meeting.

c) Copies of the Directors' Service Agreements and Letters of Appointment, the Register of Directors' Interests in the ordinary shares of the Company kept in accordance with Section 325 of the Companies Act 1985 and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the annual general meeting, and for at least 15 minutes prior to the commencement of the meeting until its conclusion.

Proxy Form

PLUS Markets Group plc

Annual General Meeting – 19 April 2007 at 2.30 p.m.

I / We

(BLOCK CAPITALS PLEASE)

of

being a member of PLUS Markets Group plc, hereby appoint

or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 19 April 2007, notice of which was sent to shareholders with the Directors' report and the accounts for the year to 31 December 2006, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

Resolution number	For	Against	Withheld
1. To receive, consider and adopt the financial statements together with the Reports of the Directors & Auditors for the year to 31 December 2006	☐	☐	☐
2. To approve the Directors' Remuneration Report	☐	☐	☐
3. To re-appoint Ian Salter as a Director	☐	☐	☐
4. To re-appoint Brian Taylor as a Director	☐	☐	☐
5. To re-appoint Cyril Théret as a Director	☐	☐	☐
6. To re-appoint Giles Vardey as a Director	☐	☐	☐
7. To re-appoint Stephen Hazell-Smith as a Director	☐	☐	☐
8. To re-appoint Deloitte & Touche LLP as auditors and authorise the Directors to agree their remuneration	☐	☐	☐
9. To authorise the Directors to allot shares (Ordinary Resolution)	☐	☐	☐
10. To disapply Section 89(1) of the Companies Act 1985 (Special Resolution)	☐	☐	☐

Signed: Dated: 2007

NOTES

1. A member wishing to appoint a person other than the Chairman of the meeting as proxy should insert the name and address of such person in the space provided.
2. Use of the proxy form does not preclude a member from attending and voting in person.
3. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
4. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
5. To be valid, the proxy form must be received by the Registrars no later than 48 hours before the commencement of the meeting.

Third fold and tuck in

BUSINESS REPLY SERVICE
Licence No RRHB-RSXJ-GKCY

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Proxy Processing Centre
Telford Road
BICESTER
OX26 4LD

First Fold

Second fold