PLUS MARKETS GROUP PLC
ANNUAL REPORT 2007

CONTENTS

Chairman's Statement

It gives me great pleasure to confirm your Company's confident progress towards establishing itself as a leading small and mid-cap equity stock exchange in London. It is also with some sense of achievement that to this end, during the financial year to 31 December 2007, PLUS Markets Group successfully met its key milestones as set out in its Placing prospectus of December 2006.

Rapid Infrastructure Development

Shareholders approved the Placing at an EGM on 8 January 2007, raising £25 million to strengthen the Company's balance sheet, to command additional customer and regulatory confidence, improve its trading platforms ahead of MiFID, recruit and retain high-calibre staff, expand sales and relationship management activities, and develop and promote services and products.

Following the Placing, the Company's management team was strengthened significantly. Brian Taylor brought to the Board his unrivalled global expertise in installing exchange trading technologies. Our Board also welcomed Cyril Theret as Business Development Director and two new Non-Executive Directors, Ian Salter and Giles Vardey. Additional senior management was recruited across business development, IT, regulation and operations.

We were pleased to confirm in July, as foreshadowed at the time of the Placing, that our operating subsidiary, PLUS Markets plc, had been granted Recognised Investment Exchange status, elevating our market to a fully competitive UK-based stock exchange. The successful establishment of a new stock exchange in London, as the world's deepest pool of international capital, is an important asset for the City.

In time for the implementation of MiFID in November 2007, and also as foreshadowed at the time of the Placing, the Company launched a new, integrated, trading and market surveillance technology platform. This was supplied under an agreement with OMX Technology Ltd, a subsidiary of OMX AB ("OMX"), to deliver their "X-Stream" platform. The choice of platform was driven by: its ability to increase our equity stock coverage and also trade new products; its proven reliability; and the scalability in its trading mechanism.

The platform was implemented by Brian Taylor and our IT team, in remarkably short order and on budget, and it is a great credit to Brian that such an ambitious project was delivered with such convincing success and in time for MiFID. Following this major accomplishment, securing the technological foundations of our future offering, Brian will be stepping down from the Board at the AGM; however, he will continue to supervise the work of the Finance department in the short term, until alternative arrangements are put in place.

Moreover, we will continue to benefit from his wide-ranging expertise, since he will remain as a consultant to the Company in order to complete some further enhancements, including wider electronic connectivity – allowing for message routing between PLUS market participants and the enhanced PLUS trading platform – as set out at the time of the Placing.

Widening the Appeal of our Capital Markets

The PLUS market is now an increasingly compelling listing and quotation destination. Becoming a full stock exchange has enabled the Company to open up a new "PLUS-listed" market, designed to serve the needs of issuers seeking an Admission to Trading on an RIE in conjunction with an Official Listing by the Financial Services Authority. This has brought competition to this part of the UK equity market for the first time. Additionally, it has opened up the "PLUS-quoted" market to a wider pool of investors, thereby enhancing its ability to support equity fundraisings for companies on PLUS.

Pursuant to this enhanced investor appeal, our PLUS-quoted market for small and mid-cap companies is experiencing a significant rise in demand. The number of PLUS-quoted companies rose for a third consecutive year to 217 by the year end (of which 10% were international companies), with more than double the amount of capital raised than in the previous year.

PLUS now has a sound liquidity base from which to support future growth for the PLUS-quoted market, at a time when there are calls from the smaller companies community for a new growth market in London. We therefore intend actively to raise its profile this year, via a wide-ranging programme of sales and marketing activities, to respond to this customer demand. In the past, we have seen companies move from PLUS onto AIM. Attracted by our deepening pool of small and mid-cap liquidity, this year we expect to see companies transferring their quotation to PLUS.

Widening the Appeal of our Trading Services

The PLUS market is now becoming an established pool of small and mid-cap liquidity, experiencing tangible demand for its trading offering and competing credibly against other trading venues. Our new platform has supported a significant expansion of our trading services, allowing investment firms to meet all their on-exchange and off-exchange execution, reporting and transparency needs under MiFID on PLUS. Some 60 investment firms have already been attracted to become trading members of PLUS, seeking to access best execution possibilities at the lowest cost available in London.

As a result, the average daily number of trades on PLUS exceeded that of other small and mid-cap markets such as AIM for the first two months of 2008, while PLUS captured over 50% of all UK retail trades for the first time in January. Over 600 small and mid-cap companies now see the majority of their trading take place on PLUS, of which over 400 companies are listed or quoted on other markets. By attracting market share, PLUS market data becomes increasingly attractive to both the buy-side and sell-side communities, to see the complete picture of London trading activity when making their investment decisions.

These strong indications of demand give your Board assurance that the Company's strategy accords with the needs of its chosen customers. However, your Company is currently unable to deploy its trading services offering where its comparative advantage is greatest – namely, across the AIM market.

Trading AIM Securities

Your Board believes that were the current regulatory restriction to be removed, all AIM companies and their investors would benefit from being able to access the competitive trading environment already available to fully listed companies post-MiFID. The PLUS quote-driven market model offers high quality execution, which investment firms are currently unable to access in respect of AIM securities to achieve best execution.

AIM companies could benefit substantially from access to liquidity available on other trading platforms, as well as from competition between those platforms bringing down the cost of trading. At present, prior to being admitted to dual-trading on PLUS, PLUS requires AIM companies to give their consent, in order to fulfil its regulatory obligations to the FSA. Some 80 companies have done so, of which three-quarters now see half or more of their total London trading activity taking place on PLUS, indicating that when investors are offered more than one execution venue, ours is their market of choice.

Your Board believes that were the Company able to trade all AIM securities in the same way as it can trade fully listed securities, the PLUS market would represent more than half the liquidity in more than half of all the companies listed or quoted in the United Kingdom.

The Financial Services Authority issued a discussion paper in July 2007 in relation to trading unlisted shares, including AIM. This followed a ministerial statement by the then Economic Secretary to the Treasury in February, in which HM Treasury indicated its desire to remove outstanding obstacles to open competition in the sphere of AIM trading. We are fully supportive of the Treasury's pro-competitive initiative and your Board hopes – and confidently expects – that such proposals will be further pursued by the FSA and the Treasury this year.

Future Developments

We now have substantially all our resources in place to support significant future revenue growth from increased listing and trading activity, including AIM trading. Provided your Company is able to trade all AIM securities on a more competitive basis before the end of this year, the Board expect the Company to become cash generative in 2009. With most of our infrastructure complete, we expect our cost base to peak in 2008 as we finalise the full development of our market offering, following which our cost base will stabilise. A discussion of this year's results follows in the Financial Review.

At the time of the Placing approved on 8 January, the Company stated that within twelve months of attaining RIE status, it intended to consider a move to the Official List. Admission to the Official List would enable the Company to admit its shares to trading on its own "PLUS-listed" market, and would be conditional on shareholder approval. The Board, having duly considered this move and with the belief that "PLUS should be on PLUS", intend to consult shareholders in conjunction with the publication of the Company's interim results in September 2008, and the Company receiving the right to trade all AIM securities.

Your Board confirms that the Company's strategic ambition, to become a leading small and mid-cap equity stock exchange in London, is being implemented successfully and its chosen market model is proving effective. As a pro-competitive exchange in a rapidly changing post-MiFID marketplace, we view the future with great confidence.

Stephen Hazell-Smith
Chairman
1 April 2008

Financial Review

Executive Summary

The Company has received Recognised Investment Exchange (RIE) status, invested in a world class trading technology infrastructure and has retained internationally recognised personnel to enable PLUS to compete effectively with the largest of exchanges and trading platforms. This has been achieved whilst:

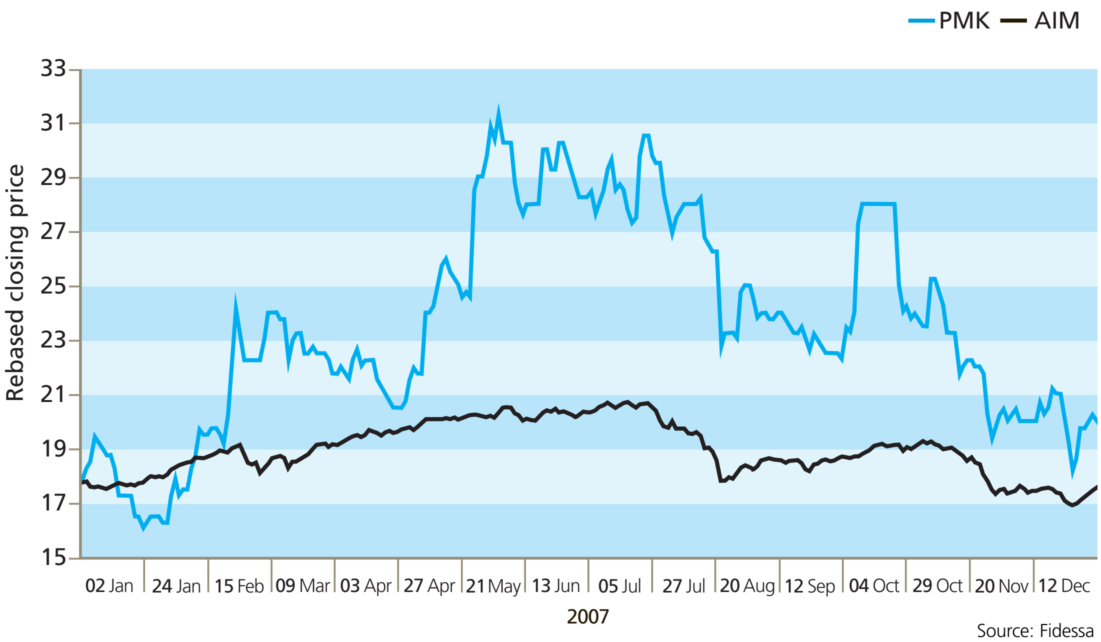
- Growing the client base to 217 PLUS-quoted issuers, 60 broking/market making clients, 9 market data vendors and a significant growth in traded volumes;
- Maintaining a favourable cost base compared to competing platforms; and
- Enabling the Company to provide a highly cost effective listing and quotation venue with the ability to maximise liquidity at the lowest cost per transaction for trading execution and market data.

The Company increased its net assets in the year from £2.6m to £24.1m. The Placing in January 2007 raised £23.9m net of expenses. The Company has used its cash resources carefully and has invested in intangible assets. It is well positioned to continue in its planned growth going forward.

Shareholder Returns

Figure 1 below compares the performance of the Company's quotation against the FTSE AIM All-Share index. The peaks in March and November followed the announcement of the signing of a contract with OMX and then the launch of the new OMX trading platform, while the peaks from June to August follow the achievement of RIE status. The peak in October followed the period when the Company was in talks with a third party regarding a possible combination of respective businesses

Figure 1: Plus Markets Group Plc Compared to FTSE AIM ALL – SHARE INDEX (Jan 07 – Feb 08)



Source: Fidessa

Strong Balance Sheet

The Company's Balance Sheet has grown significantly since the 2006 year end, from £2.6m to £24.1m. The Company has no debt. On 8 January 2007, the Company raised £23.9 m, net of expenses, following the successful Placing of 178,571,429 new ordinary shares at 14 pence. The placing shares represented 57.02% of the enlarged issued share capital. The new funds were raised to strengthen the Company's Balance Sheet, extend its trading services in preparation for the Markets in Financial Instruments Directive (MiFID) and expand and promote PLUS's equity market offering. Together these developments enabled the Company to meet MiFID requirements as well as broadening stock coverage to include some 7,500 pan-European publicly traded equity and equity related securities, covered by the CESR (an increase of 6,300 securities).

The Company has used some of the funds to invest in key resources for the company including:

- A world class, low latency, functionally rich, high performance trading platform with full connectivity to all of the world's leading independent software vendors and market data vendors operating in the European market. This platform provides investors with significant trading advantages allowing for the optimisation of best execution opportunities thereby making PLUS a preferred destination for trading. The platform has performed at 100% availability since launch;
- The expansion of a highly experienced management team gaining access to new skills and experience from over 30 markets, who are able to drive innovation into the PLUS market while reducing the time to market for the delivery of new services;
- Successfully gaining Recognised Investment Exchange status, Recognised Stock Exchange status, Trade Data Monitor status and other licences or regulatory permissions.

Collectively these factors are positioning PLUS to take advantage of the introduction of competition in the European markets. Indeed, PLUS is the only alternative fully licensed primary markets destination in London. It has the only pure quote driven platform in the secondary markets, the benefits of which are explained in more detail throughout this section.

Investment in Intangible Assets

The Company now owns several major intangible assets all of which are value accretive to the business and collectively provide higher levels of investor protection than are available on pure multi-lateral trading facilities:

- Regulatory Licences;
- Recognised Investment Exchange (RIE) status;
- Trade Data Monitor (TDM) status;
- Recognised Stock Exchange status;
- Irish stamp duty relief; and
- Trading and surveillance system technologies (known as Project SHIP).

Increase in Intangibles

Intangibles increased by £2.7m within the 2007 Financial Year. The reasons for this are as follows:

- Capitalisation of Project SHIP, the Company's new quote driven trading platform; and
- Capitalisation of the marginal costs of achieving RIE status.

These intangibles have allowed for an increased scope of growth which has broadened revenue streams which will benefit the Company in future financial years.

Licences

The Regulatory licences provide the core regulatory and customer base for the Company, and enable the Company to provide the original primary market and quote driven service agreed with the founding shareholders and retail market making and broking customers and the Financial Services Authority (FSA), together with the associated brand recognition and goodwill. During 2007, this base intangible asset has been significantly enhanced as shown below.

On 19 July 2007, PLUS was approved as an RIE by the FSA, conferring upon it exactly the same rights and status as other UK stock exchanges.

In particular, as a new Stock Exchange in London, PLUS is entitled to offer the full range of market services envisaged by EU law, including both full EU Regulated Markets and Exchange-regulated markets. PLUS is therefore positioned to offer issuers of all sizes and stages of development a market specifically tailored to their needs. In conjunction with significant developments in its trading and surveillance infrastructure, RIE status has also allowed PLUS to introduce choice and competition in a wider range of securities, improving the quality of execution available to UK market participants and their clients. Taking advantage of the pro-competitive landscape brought about by MiFID, PLUS' stock coverage now encompasses some 7,500 securities, including those classified as liquid shares under MiFID. With RIE approval, PLUS has also attained an internationally recognised status, enabling participation by those institutions with a requirement or preference to trade on an RIE, and increasing the pool of liquidity across PLUS' markets.

Approval as an RIE has also allowed PLUS to introduce additional regulatory safeguards, including the protection of default rules in relation to all on-exchange transactions, to increase market confidence. As an RIE, PLUS receives statutory immunity under Part 18 of the Financial Services and Markets Act 2000. Consequently, PLUS shall not be liable in damages for acts or omissions in the course of performing its regulatory functions.

On the same day, PLUS' market for Officially Listed securities, known as the PLUS-listed market, was approved as a Recognised Stock Exchange by HM Revenue & Customs under section 841 Income and Corporation Taxes Act 1988. Accordingly, issuers admitted to the PLUS-listed market are eligible for the full spectrum of institutional investment, including ISAs and PEPs. In addition, this status enables PLUS to offer certain tax-efficient investment vehicles, such as REITs and VCTs, an attractive listing destination to meet their statutory obligations. Consequently, issuers of a wide range of asset classes, including equity, debt and other exchange-traded products, are now able to access the deep pools of capital in London, in a more cost-effective manner than has previously been possible, via an admission to the PLUS-listed market.

The achievement of RIE status critically underpins future growth of the Company's Capital Markets business – by becoming accessible to a wider range of investors, PLUS can facilitate the raising of capital, which is the primary feature sought by issuers seeking access to a public market.

Prior to the implementation of MiFID, PLUS was also approved as a UK Trade Data Monitor by the Financial Services Authority. Under such status, PLUS is able to provide a rich suite of off-exchange pre and post trade transparency services, alongside its comprehensive on-exchange execution and reporting services, allowing participants to meet all their MiFID obligations via a single venue.

On 25 September 2007, the Company obtained permission to enable recognised intermediaries who acquire Irish securities on PLUS to be eligible for Irish stamp duty relief.

To complement the "gold standard" regulatory licences above, the Company has also invested in technology.

Project SHIP – Trading and Surveillance Technology

Project SHIP is an integrated trading and surveillance system from OMX Technology, based on their world class X-stream platform, probably the best equity trading platform in the world. OMX technology is supplied to 60 exchanges across 50 countries worldwide. It also offers a broad set of client references and a long pedigree, all of which are already proving to be extremely useful in the competitive landscape of exchanges. The system currently supports trading in some 7,500 European securities across a broad range of currencies, using the quote driven trading methodology.

The stock coverage includes:

- All securities listed in Europe (as designated under MiFID);
- All PLUS-quoted securities; and
- Those AIM securities where companies have given PLUS permission to trade the security (further details in relation to our ability to trade AIM securities are provided below).

The advantages of the quote driven methodology are significant. Although they are particularly relevant to small and mid cap securities, empirical evidence of the trading patterns over the last four months is showing that the system and trading methodology also provide benefits to investors in liquid securities. From a best execution viewpoint, the PLUS trading model benefits investors by offering:

- Guaranteed liquidity through competing market maker systems;
- Price improvement either off published quotes or compared to other trading venues;
- Zero market impact costs meaning that the whole trade is executed at a single price rather than the weighted average price at the touch of an order book;
- A single fill – i.e. one trade – meaning lower trading costs; and
- Bi-lateral settlement meaning a cheaper alternative to settlement via a central counterparty.

From a reliability viewpoint, SHIP is both hardware and software fault tolerant across three geographical locations. Collectively this investment in infrastructure and operations capability has enabled the Company to achieve 100% service level availability since the launch of the system at the start of November 2007.

The system is configured to enable participants to access SHIP using methods that suit their own attitude to risk and cost. Participants may access the system using either a native Application Programme Interface (API) or the soon to be launched FIX 4.4 API, either through a single connection or with a fault tolerant connection with full real time fail over. Connectivity may be achieved directly to a participants' own trading system or via independent software vendors.

Pre and post trade transparency market data is also available from both market data vendors and the Company's website. Market data vendors disseminate level 1 and level 2 data in real time, while the Company website offers level 1 data with a fifteen minute delay. Company announcements are shown on the PLUS website in real time. The list of PLUS accredited independent software vendors and market data vendors is shown in Table 1 below.

Table 1: PLUS Accredited Market Data Vendors and Independent Software Vendors

Market Data Vendors
ADVFN
Bloomberg
FactSet
Fidessa*
Interactive Data
Proquote
Reuters
Telekurs
Thomson*

* Independent Software Vendors providing market access

In summary PLUS now possesses a high performance, low latency and functionally rich integrated trading and surveillance platform, that is competitive by any standard.

Cash Flow

The Company has maintained a healthy cash flow and has ended the year with £21m on the balance sheet. The return on funds has been optimised achieving an average return of 5.93% on cash funds across the whole of 2007 by:

- Employing a rigorous and dynamic approach to treasury management, allowing the Company to optimise returns on cash balances particularly in the face of significant volatility in the inter-bank markets in the last quarter of 2007;
- By minimising the delay in debtor collection due to improved credit control; and
- By ensuring relevant key suppliers are rewarded on delivery.

Overall, the Company increased the level of interest earned on deposits from £0.1m to £1.4m comparing the financial year 2006 to 2007.

From a regulatory viewpoint, the cash flow of the Company enables the Company to boast several years of "financial resource requirements" due to the robust stewardship over funds, combined with the desire to keep strong control over quantum of fixed cost commitments to external parties. Collectively, the financial goal has been to reduce the financial resource requirement and the orderly cost of closure as a ratio of both revenues and cash balances and this has been achieved consistently during 2007.

Banking Policy

At the beginning of the year, the Company's bankers were Barclays Bank Plc. During the year the Company regularly reviewed its concentration credit risk by selecting new banking providers. It now receives banking services from Halifax Bank of Scotland Plc (HBOS), and Close Brothers Plc on an arms' length basis but with favourable terms compared to other providers. Since the advent of the sub-prime crisis the banking risk has been closely monitored and relationships have been created with a broader range of banks.

The Company has also implemented the highly efficient HBOS Corporate Internet Banking system and is driving towards the complete automation of all payments and receipts.

Return On Capital Employed (ROCE)

Table 2: ROCE

	2007	2006	2005
	£'000	£'000	£'000
PBIT	(4,376)	(1,366)	(1,461)
Capital Employed	24,073	2,586	3,733
ROCE	(18.2%)	(52.8%)	(39.1%)

The ROCE has improved by 35% during 2007. The improvement is due to the fund raising in January (net proceeds £23.9m), the prudent use of equity for the creation of intangible assets (net gain of £2.7m) and a 43% (£0.9m) increase in revenues.

Income and Expense

Strong Growth in Revenue

Total revenues grew to £3.1m in 2007, being an increase of £0.9m or 43% in comparison to 2006. The Company has achieved a 40+% growth in revenues two years in succession. Growth has mainly been in the Capital Markets area of the Company's business which covers services to PLUS-quoted issuers. 60 companies joined the PLUS-quoted market in 2007, maintaining the rate of new joiners in 2006. At 29 February 2008 eight companies had joined PLUS-quoted and there were a further 11 in the pipeline.

Given the success of the SHIP quote driven platform, trade volumes have increased significantly over the period since the launch. For example, trading volumes in January 2008 were up 92% compared to December 2007. In the same period, the total value of trades was £2.8 billion, up 61% and the number of shares traded was 1.7 billion up 70%. As a result, the Company is already seeing a growth in the quality and importance of its data for both pre and post transparency reasons, meaning that institutional and retail clients intending to optimise best execution standards will need to consider taking PLUS data.

A summary of the dramatic growth in trading volumes is shown in Table 3 below, demonstrating the continuing strength of the PLUS business model.

Table 3 – Summary PLUS Trading Performance (Oct '07 to Feb '08)

Month	Bargains	Trade Value	Number of Shares
October '07	64,311	£ 404.50 m	537.76 m
November '07	206,442	£1,613.69 m	948.43 m
December '07	207,113	£1,792.22 m	1,020.22 m
January '08	397,419	£2,893.84 m	1,738.03 m
February '08	354,066	£2,897.62 m	1,638.44 m

Profit Margins

The loss for the year of 2007 was exactly in line with budget at £3.0m (2006 – £1.2m) with a loss per share of 0.96p (2006 – 0.93p).

Changes in Accounting Policy

The Company has adopted IFRSs for the first time in 2007. The effect of IFRSs on the Company's financial statements is not significant, given the relative simplicity of the financial statements. An explanation of the differences is shown in Note 1.

Although it is not a change in accounting policy but more of a change in operational practice, the Company has moved away from generating deferred income at the balance sheet date in order to optimise cash flow. Had this practice been adopted in 2006, current assets and current liabilities would have been reduced by £1.4m and £1.6m respectively.

Going Concern

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Risks and Uncertainties

Risk Management Policy

Risk awareness and risk management are very important to the Company and are dealt with by a framework of policies, procedures and controls. An independent Risk and Compliance function has been created headed by Robert Moorehead-Lane, Director of Operations reporting to the Audit Committee. All risk policies have been approved by the Board but are constantly under review by management including the risk management function.

A key priority for the Company and in keeping with our status as an RIE, is our compliance with all legal and regulatory standards. The legal and compliance functions within the Company provide an overview in respect of this on an ongoing basis.

The Company's Audit Committee has a full complement of Non-Executive Directors and is responsible for satisfying itself that a proper internal control framework exists to measure, monitor, manage and mitigate risks and ensure that the controls that are in place are effective. This is provided by regular updates from the Finance and Risk Management functions throughout the year.

During 2007, the Company has increased the focus on risk management and compliance. It has appointed Robert Moorehead-Lane as Director of Operations, focusing on risk management and compliance. Robert has strengthened the reviews and testing of the adequacy of control procedures and risk mitigation measures.

Arising from the reviews, the key risks facing the Company are:

- Regulatory risk;
- Competitor risk; and
- Connectivity risk and time to market.

Regulatory Risk

The Company is operating in the regulatory financial sector, which has undergone significant regulatory change since the advent of the Financial Services Action Plan at the start of the century. The change has been to introduce competition across the entire sector.

With the advent of MiFID in November 2007, PLUS is able to trade all securities admitted to trading on a regulated market. MiFID does not however provide a pan-European framework for the trading of unlisted securities such as AIM stocks, nor does it eliminate many operational barriers to entry for new entrants. The Company is working to remove all these barriers to competition.

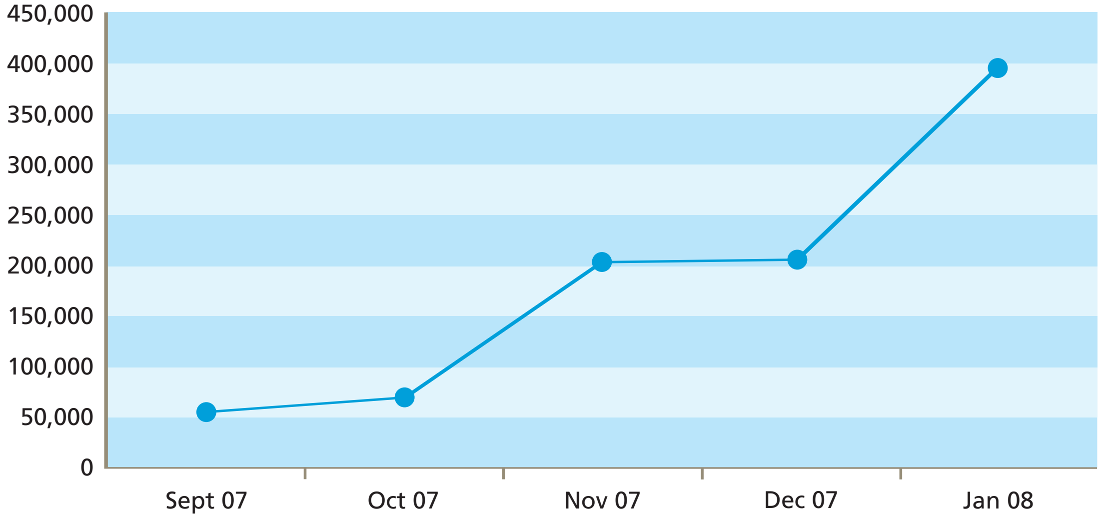
Competitor Risk

In each of the Company's business segments, it operates in highly competitive markets where there has historically been a dominant single supplier, being the national exchange of each country. In the modern era, dominance of the dominant supplier is starting to be successfully challenged.

In the primary markets, PLUS has attracted some 217 companies to the PLUS-quoted sector, including 20 overseas companies. In the secondary markets, PLUS has attracted some 60 broker/market making clients and 9 market data vendors.

In the secondary markets, the advent of MiFID, product innovation and technology is changing customer behaviour and since the start of 2008, PLUS has achieved a significant presence in the retail market, as shown in Figure 2.

Figure 2: Growth in Trade Volumes



Source: Fidessa

The Company is in a strong position by having:

- Highly simplified rules for membership;
- A very strong relationship with its client and shareholder base through the PLUS primary and secondary market advisory groups where innovative ideas and evolution of the Company's services are fine-tuned; and
- A low cost base which feeds back as a benefit to customers through highly competitive tariffs.

Connectivity Risk and Time to Market

In the secondary markets, the biggest barrier to any new entrant is connecting up users. The Company has in place strong relationships with all the major independent software vendors (ISVs) and market data vendors (MDVs) supported by contracts which aim to achieve a change in the access technology.
The Company worked successfully with the ISVs and MDVs in 2007 to achieve the MiFID schedule for the SHIP implementation – a project that was completed in six months from start to finish. The Company would therefore like to thank the ISVs and MDVs who have supported PLUS and look forward to rolling out future developments in a similar successful manner.

Conclusions

2007 has been a year of infrastructure building, complemented by sales growth. 2008 requires the development of additional technology infrastructure and the development of further relationships with existing and new customer groups, ISVs and MDVs. 2008 should see the acceleration of competition in financial markets and we believe the Company is very well placed to take advantage of such competition.

Brian Taylor

Brian Taylor
Chief Financial Officer
1 April 2008

Board of Directors and Advisers

Stephen Hazell-Smith (54) +#

Independent Non-Executive Chairman, Chairman of the Nomination Committee

(from 20 January 2005)

Stephen joined the Group as Non-Executive Chairman in January 2005 and is a UK institutional fund manager by background. He was 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 Ltd to Close Brothers Group, becoming managing director of Close Investment Limited, 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 (43)

Chief Executive Officer

(from 1 November 2004)

Simon was appointed as CEO in November 2004 having previously been employed as Head of AIM at the London Stock Exchange, having served as its regulator as a member of the market's founding team. Prior to that he practiced as a barrister. He was educated at Emmanuel College, Cambridge and the City University.

Brian Taylor (48)

Chief Financial Officer

(from 8 January 2007)

Brian joined as the Group's CFO in January 2007 and 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 (37)

Business Development Director

(from 8 January 2007)

Cyril joined the Group in January 2004 before being made an Executive Director in January 2007, and has been responsible for sales activities. He previously spent five years with London Stock Exchange Plc where he held several 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 graduated in 1994 with a Maitrise d'Ingenierie Financiere and BA in International Economics.

Stephen Allcock (56) *+

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 (65) *#

Senior Independent Non-Executive Director ("SID")

(from 8 January 2007)

Ian joined the Group as a Non-Executive Director in January 2007 and was appointed as the Senior Independent Director. He was non-executive deputy chairman of the London Stock Exchange from 1990 until 2004. He is investment director of Tilney Private Wealth 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 Panel on Takeovers and Mergers and sat on the Panel's 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 (56) *+

Independent Non-Executive Director, Chairman of the Audit Committee

(from 1 January 2006)

Nicholas joined the Group as a Non-Executive Director in January 2006. He is a Chartered Accountant with a previous career in investment banking, where 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 Imprint plc, as well as 4C Associates Ltd and Ophir Energy plc.

Giles Vardey (51) +#

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 FCIS, Standon House, 21 Mansell Street, London E1 8AA

Nominated Adviser and Broker

Numis Securities Ltd, Cheapside House, 138 Cheapside, London EC2V 6LH

Auditors

Deloitte & Touche LLP, Hill House, 1 Little New Street, London EC4A 3TR

Solicitors

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

Bankers

Bank of Scotland Plc, Corporate Banking, Level 2, Pentland House, 8 Lochside Avenue, Edinburgh EH12 9DJ
and 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

Corporate Governance

Compliance with the Combined Code

Compliance with the Combined Code of Corporate Governance is not mandatory for the Company under its current listing status. However, the Company is an RIE and therefore 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 the following were held:

- **12 Full Board Meetings**
  All Directors attended all meetings with the exception of Stephen Hazell-Smith, Ian Salter, Giles Vardey and Brian Taylor who were each unable to attend one of those meetings.

- **3 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 2007. 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.

- **Nomination Committee**
  Stephen Hazell-Smith (Chairman)
  Ian Salter
  Giles Vardey

  The 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 is the 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 also meets with the Non-Executive Directors at least once a year to appraise the Chairman's performance. He also deputises for the Chairman.

Board Effectiveness

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the Company's strategic aims, and ensures the Company has the necessary financial, human and IT resources in place to meet its objectives and review management performance. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met in the context of the commercial risk environment that the Company operates within.

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. The Company also operates a strong system of segregation of duties and control over data;
- Risk Management: 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 and more frequently by the Risk and Compliance Officer to independently measure, monitor and manage risk;
- 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;
- Monitoring: The Board of Directors reviews the operation and effectiveness of the framework of internal control and risk management at least annually.

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**.

Directors' Report on Remuneration

Remuneration Committee

During the year the Committee comprised Giles Vardey (Chairman of the Committee), Stephen Allcock and Nicholas Smith. Mr Wedgwood and Miss Bagan left the Board and the Remuneration Committee on 8 January 2007 when Giles Vardey 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, independently provided industry trends and for determining the targets and the commensurate 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, the interests of shareholders and taking into account independently provided industry trends. 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")

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 2007 was 23,715,150 (2006 – 8,551,833), representing 7.54% (2006 – 6.35%) of the total number of shares in issue. Details are as follows:

Number of Share Options	Exercise Price	Grant Date	Earliest Exercise Date	Expiry Date
130,000	25p	01 04 2003	01 04 2006	31 03 2013
423,733	29.5p	11 03 2004	11 03 2007	10 03 2014
290,909	6.875p	11 03 2005	11 03 2008	10 03 2015
2,009,091	7.25p	17 03 2005	17 03 2008	16 03 2015
3,000,000	24.125p	16 12 2005	16 12 2008	15 12 2015
785,000	32.75p	18 05 2006	18 05 2009	17 05 2016
12,547,537	17.25p	18 01 2007	18 01 2010	17 01 2017
1,565,920	22.25p	13 04 2007	13 04 2010	12 04 2017
782,960	25p	11 05 2007	11 05 2010	10 05 2017
2,140,000	29.58p	21 06 2007	21 06 2010	20 06 2017
40,000	28.75p	29 06 2007	29 06 2010	28 06 2017

Directors' Remuneration

The remuneration of the Directors for the year ended 31 December 2007 was as follows:

	2007			2006		
	Salary/Fees	**Benefits**	**Total**	Salary/Fees	Benefits	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
S J Allcock	30	-	30	24	-	24
H Bagan (resigned 8 Jan 07)	3	-	3	24	-	24
S M Brickles	321	2	323	78	1	79
D S Francis (resigned 8 Jan 07)	96	-	96	87	1	88
I G Salter	31	-	31	-	-	-
S J Hazell-Smith	46	-	46	25	-	25
N M N Smith	30	-	30	24	-	24
B A Taylor	320	-	320	-	-	-
C Theret	216	2	218	-	-	-
G E Vardey	31	-	31	-	-	-
J A T Wedgwood (resigned 8 Jan 07)	3	-	3	24	-	24
	1,127	4	1,131	286	2	288

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 2007
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	
	18 01 2007	18 01 2010	17 01 2017	17.25p	1,845,595	4,384,578
C Théret	11 03 2004	11 03 2007	10 03 2014	29.5p	67,800	
	17 03 2005	17 03 2008	16 03 2015	7.25p	400,000	
	16 12 2005	16 12 2008	15 12 2015	24.125p	500,000	
	18 05 2006	18 05 2009	17 05 2016	32.75p	450,000	
	18 01 2007	18 01 2010	17 01 2017	17.25p	1,557,449	2,975,249
BTA Consulting Ltd	18 01 2007	18 01 2010	17 01 2017	17.25p	3,131,841	3,131,841

The options granted to Simon Brickles 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 provider of stakeholder pension services.

On behalf of the Board

Celia L Whitten FCIS
Company Secretary
1 April 2008

Directors' Report

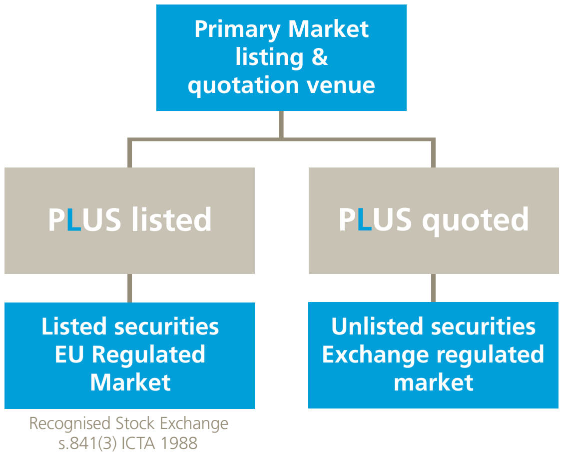
The Directors are pleased to present their Annual Report to shareholders, together with the audited financial statements for the year ended 31 December 2007.

Principal Activities

The Company's sole activity is that of a holding company, owning 100% of PLUS Markets Plc, which is engaged in the operation of the PLUS market and is regulated by the Financial Services Authority as a full Recognised Investment Exchange and a Trade Data Monitor. The Company's market offering comprises:

Capital Markets

The Company provides services to issuers and corporate advisors for the listing and admission to trading on PLUS in two market segments as shown below:



- The PLUS-listed market is a cost effective alternative to the London Stock Exchange's main market or any other European exchange for issuers of a broad range of securities seeking admission to the Official List of an EU Competent Authority such as the FSA's UK Listing Authority. As a fully recognised EU Regulated market, PLUS-listed provides access to the deepest pool of institutional capital in Europe in a vibrant and liquid market place. PLUS-listed is open to companies or funds issuing plain vanilla equity or debt, but also welcomes issuers of more specialist securities, such as structured products, exchange traded products, depository interests and alternative asset vehicles. Whether issuers are seeking to raise funds or enhance their profile, PLUS-listed meets their needs.

- The PLUS-quoted market is designed to help and encourage small growth companies to flourish. PLUS-quoted offers an alternative to AIM or other European small and mid-cap markets for high-quality applicants with strong growth potential. These companies and their investors benefit from the many tax breaks afforded to small growing companies. Admission requirements are flexible, but the approach is robust and designed to provide investors with access to new companies that are well prepared and ready for a public market. The regulatory framework is also designed to help keep costs proportionate to the size of the business, allowing a greater share of funds raised to go into growing the business and delivering returns. As an added benefit, ambitious PLUS-quoted companies can step up to the PLUS-listed market should they so wish, with no need to access any other market.

The PLUS capital markets services are specifically tailored to the needs of the issuers without expensive formulaic initial and on-going corporate governance requirements. This translates into pure cost savings for the issuers – both at an initial fund raising stage and on-going. Once a company is admitted to trading on PLUS there are further benefits of greater visibility that PLUS provides its corporate clients, as an issuer is a "bigger fish in a smaller pond", and is increasingly attracting more trading interest from shareholders as is explained in the next section.

Secondary Market Trading Services

PLUS started 2007 with a trading platform supporting some 1,200 small and mid-cap securities. With the advent of MIFID in November 2007 PLUS launched a world class, highly competitive, low latency, quote-driven trading platform which supports liquidity in 7,500 pan-European Securities across all sizes of market capitalisation and in multiple currencies. The trading volumes, particularly but not exclusively in the retail sector of the market have grown significantly and are described more fully earlier in this document.

From a trading structure viewpoint, the new platform allows market makers and brokers to trade individual securities under multiple rule regimes or boards, according to customer need. As well as the PLUS market maker offering, which has been operational since December 2005, additional services are available to support systematic internalisers, multi-currency executions and trade reporting, broker trade reporting and other value-added features. Access to the system is via a range of connectivity options to support users' differing requirements as to performance, resilience and cost. Usage of the system is tariffed using a modern progressive framework, based on the concept of rewarding trading activity which enhances the quality of the PLUS market. For authorised investment firms throughout the EU, in line with MiFID's "passporting" arrangements there is easy access to the market, which should encourage the spread of the unique PLUS quote-driven model into Europe.

The advantages of the quote driven methodology are significant. Although they are particularly relevant to small and mid cap securities, empirical evidence of the trading patterns over the last four months is showing that the system and trading methodology also provide benefits to investors in liquid securities. From a best execution viewpoint, the PLUS trading model benefits investors by offering:

- Guaranteed liquidity through competing market maker systems;
- Price improvement either off published quotes or compared to other trading venues;
- Zero market impact costs meaning that the whole trade is executed at a single price rather than the weighted average price at the touch of an order book;
- A single fill – i.e. one trade – meaning lower trading costs; and
- Bi-lateral settlement meaning a cheaper alternative to settlement via a central counterparty.

Market Data Services

The Company provides a real-time regulated information feed offering proprietary PLUS trading data. The price improvement evident in the trading data we disseminate affirms our position as a venue which consistently delivers best execution. PLUS trading data is also published to the PLUS website on a delayed basis. The demand for the PLUS trading data is expected to increase due to the best execution quality of the PLUS secondary markets.

Review of Business and Future Developments

A review of the business and future developments is contained in the Chairman's Statement and the Financial Review on pages 4 to 15.

Results and Dividends

The results for the year are set out in the Consolidated Income Statement. The Directors are not recommending the payment of a dividend for the year ended 31 December 2007 (2006 – nil).

Capital Structure

Details of the Company's share capital, including shares issued during the year, are shown in note 15.

Substantial Shareholdings

At 29 February 2008, the following shareholders were registered as holding three per cent or more of the issued share capital of the Company:

Close Securities Holdings	24.21%
Cazenove Capital Management	9.43%
Cenkos Securities Limited	5.70%
Scottish Widows Investment Partnership Limited	4.52%
ABN Amro	4.43%
JM Finn & Co	4.20%
KBC Peel Hunt	3.30%

Directors and Their Interests

The Directors of the Company, their biographies and respective appointment dates are set out on pages 16 and 17. In accordance with the Company's Articles of Association, Messrs Allcock and Smith will retire at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for reappointment.

The Board has considered provision A.7.2 of the Combined Code 2006 and believes that Messrs Allcock and Smith continue to be effective and to demonstrate commitment to their roles, the Board and the Company. They therefore have 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 above opposite:

Directors	Shareholding as at 31 Dec 06	Shareholding as at 31 Dec 07	Shareholding as at 29 Feb 08
S J Allcock	750,000	1,442,857	1,442,857
H Bagan (resigned 8 Jan 07)	200,000	-	-
S M Brickles	900,000	1,078,571	1,078,571
D S Francis (resigned 8 Jan 07)	300,000	-	-
I G Salter (appointed 8 Jan 07)	- *	500,001	500,001
S J Hazell-Smith	1,100,000	1,814,286	1,814,286
N M N Smith	100,000	478,571	478,571
B Taylor (appointed 8 Jan 07)	- *	71,429	71,429
C Théret (appointed 8 Jan 07)	- *	271,428	271,428
G E Vardey (appointed 8 Jan 07)	- *	127,428	127,428
J A T Wedgwood (resigned 8 Jan 07)	300,000	-	-

* Number held at appointment date

Directors' Share Options

Details of Directors' share options are provided in the Directors' Report on Remuneration on page 22.

Supplier Payment Policy

The Company endeavours to settle trade creditor liabilities in accordance with suppliers' terms and conditions. The number of days' purchases in the trade creditors at the year end was 18 (2006 – 16).

Charitable and Political Contributions

No donations were made during the year for either charitable or political purposes (2006 – nil).

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.

Annual General Meeting

The Notice convening the Annual General Meeting of the Company to be held on Wednesday, 30 April 2008 at 11.00 a.m. is given on page 61.

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 Group's auditors are unaware; and
- The Director has taken all 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 Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA 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.

By order of the Board

Celia L Whitten FCIS
Company Secretary
1 April 2008

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also elected to prepare the parent Company financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with Companies Act 1985 and Article 4 of the IAS Regulation.

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

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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

Independent Auditors' Report to the Members of PLUS Markets Group Plc

We have audited the Group and parent Company financial statements (the ''financial statements'') of PLUS Markets Group Plc for the year ended 31 December 2007 which comprise the Consolidated Income Statement, Consolidated and parent Company Balance Sheets, Cash Flow Statements and Statements of Changes in Equity and the related notes 1 to 22. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

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 set out 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 other 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 Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2007 and of its loss for the year then ended;
- the parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1985, of the state of the parent Company's affairs as at 31 December 2007.
- the financial statements have been properly prepared in accordance with the Companies Acts 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; 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
1 April 2008

Consolidated Income Statement

for the year ended 31 December 2007

	Note	**Year Ended 31 December 2007 £'000**	Year Ended 31 December 2006 £'000
Continuing Operations			
Revenue		3,101	2,169
Administrative expenses	3	(7,107)	(3,429)
Charge in relation to share-based payments	4	(370)	(106)
Operating Loss	6	**(4,376)**	**(1,366)**
Finance income	7	1,398	121
Loss on Ordinary Activities Before Taxation		**(2,978)**	**(1,245)**
Taxation	8	-	-
Loss for the Period Attributable to Equity Holders of the Parent		**(2,978)**	**(1,245)**
Loss Per Share			
Basic and diluted	9	(0.96)p	(0.93)p

Consolidated Balance Sheet

as at 31 December 2007

	Note	**31 December 2007 £'000**	31 December 2006 £'000
Non-Current Assets			
Intangible assets	10	3,341	642
Property, plant and equipment	11	108	108
Available-for-sale investments	12	1	1
		3,450	751
Current Assets			
Trade and other receivables	13	906	1,591
Cash and cash equivalents		21,006	2,348
		21,912	3,939
Total Assets		25,362	4,690
Current Liabilities			
Trade and other payables	14	(1,284)	(509)
Deferred income		(5)	(1,595)
		(1,289)	(2,104)
Net Current Assets		**20,623**	**1,835**
Net Assets		**24,073**	**2,586**
Equity			
Share capital	15	15,734	6,731
Share premium account		16,616	1,524
Retained earnings		(8,277)	(5,669)
Equity Attributable to Equity Holders of the Parent		**24,073**	**2,586**

These financial statements were approved by the Board of Directors and authorised for issue on 1 April 2008.

Signed on behalf of the Board of Directors by

Stephen Hazell-Smith
Chairman

Company Balance Sheet
as at 31 December 2007

	Note	**31 December 2007 £'000**	31 December 2006 £'000
Non-Current Assets			
Investments in subsidiaries	12	10,729	316
		10,729	316
Current Assets			
Trade and other receivables	13	3,159	121
Cash and cash equivalents		10,295	2,193
		13,454	2,314
Total Assets		24,183	2,630
Current Liabilities			
Trade and other payables	14	(110)	(44)
		(110)	(44)
Net Current Assets		**13,344**	**2,270**
Net Assets		**24,073**	**2,586**
Equity			
Share capital	15	15,734	6,731
Share premium account		16,616	1,524
Retained Earnings		(8,277)	(5,669)
Equity shareholders' funds		**24,073**	**2,586**

Consolidated Cash Flow Statement

for the year ended 31 December 2007

	Year Ended 31 December 2007 £'000	Year Ended 31 December 2006 £'000
Net Loss from Operating Activities	**(4,376)**	**(1,366)**
Adjustments for non cash items:		
Amortisation of intangible assets	286	165
Depreciation of tangible assets	71	117
Share-based payment expense	370	106
Operating Cash Flows Before Movements in Working Capital	(3,649)	(978)
(Increase)/decrease in trade and other receivables	684	(989)
Increase/(decrease) in trade and other payables	(815)	815
Net Cash Used in Operating Activities	**(3,780)**	**(1,152)**
Investing Activities		
Interest received	1,398	121
Purchase of non current assets	(3,055)	(90)
Net Cash (Used in)/Generated by Investing Activities	**(1,657)**	**31**
Financing Activities		
Net proceeds from issue of equity shares by Placing and exercise of options	24,095	20
Net Cash Generated by Financing Activities	**24,095**	**20**
Net (Increase)/Decrease in Cash and Cash Equivalents	**18,658**	**(1,101)**
Cash and Cash Equivalents at Beginning of Year	**2,348**	**3,449**
Cash and Cash Equivalents at End of Year	**21,006**	**2,348**

Company Cash Flow Statement

for the year ended 31 December 2007

	Year Ended 31 December 2007 £'000	Year Ended 31 December 2006 £'000
Loss for the Year	**(3,639)**	**(1,260)**
Operating cash flows before movements in working capital	(3,639)	(1,260)
(Increase)/decrease in trade and other receivables	(3,039)	168
Increase/(decrease) in trade and other payables	66	(3)
Cash Absorbed by Operations	**(6,612)**	**(1,095)**
Net Cash from Operating Activities	**(6,612)**	**(1,095)**
Investing Activities		
Interest received	1,031	121
Investment in Subsidiaries	(10,413)	(209)
Net Cash Generated by/(Used in) Investing Activities	**(9,382)**	**(88)**
Financing Activities		
Net proceeds from issue of equity shares	24,095	20
Net Cash Generated by Financing Activities	**24,095**	**20**
Net (Decrease)/Increase in Cash and Cash Equivalents	**8,102**	**(1,163)**
Cash and Cash Equivalents at Beginning of Year	**2,193**	**3,356**
Cash and Cash Equivalents at End of Year	**10,295**	**2,193**

Consolidated Statement of Changes in Equity

for the year ended 31 December 2007

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
Attributable to equity holders of the parent at 1 January 2006	6,727	1,508	(4,530)	3,705
Shares issued	4	16	-	20
Reversal of share based payment charge	-	-	106	106
Loss for the year	-	-	(1,245)	(1,245)
Attributable to Equity Holders of the Parent at 31 December 2006	**6,731**	**1,524**	**(5,669)**	**2,586**
Attributable to equity holders of the parent at 1 January 2007	6,731	1,524	(5,669)	2,586
Shares issued – Placing 8 January 2007	8,928	14,923	-	23,851
Shares issued – options exercised	75	169	-	244
Reversal of share based payment charge	-	-	370	370
Loss for the year	-	-	(2,978)	(2,978)
Attributable to Equity Holders of the Parent at 31 December 2007	**15,734**	**16,616**	**(8,277)**	**24,073**

Company Statement of Changes in Equity

for the year ended 31 December 2007

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
Attributable to equity holders of the parent at 1 January 2006	6,727	1,508	(4,530)	3,705
Shares issued	4	16	-	20
Reversal of share based payment charge	-	-	106	106
Loss for the year	-	-	(1,245)	(1,245)
Attributable to Equity Holders of the Parent at 31 December 2006	**6,731**	**1,524**	**(5,669)**	**2,586**
Attributable to equity holders of the parent at 1 January 2007	6,731	1,524	(5,669)	2,586
Shares issued – Placing 8 January 2007	8,928	14,923	-	23,851
Shares issued – options exercised	75	169	-	244
Reversal of share based payment charge	-	-	370	370
Loss for the year	-	-	(2,978)	(2,978)
Attributable to Equity Holders of the Parent at 31 December 2007	**15,734**	**16,616**	**(8,277)**	**24,073**

Notes to the Financial Statements

Year Ended 31 December 2007

1 Accounting Policies

General Information

PLUS Markets Group plc ("the Company") is a company incorporated in the United Kingdom under the Companies Act 1985. The Company's principal activity is that of a holding company, owning 100% of PLUS Markets plc, which is engaged in the operation of the PLUS market and is authorised and regulated by the Financial Services Authority. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company and its subsidiaries (together "the Group") operate.

Adoption of New and Revised Standards

The Group has adopted the requirements of International Financial Reporting Standards and International Accounting Standards as endorsed by the EU (collectively "IFRSs") for the first time for the purpose of preparing consolidated financial statements for the year ended 31 December 2007. Transition disclosures are provided in note 22.

In the current year, the Group has adopted IFRS 7 "Financial Instruments: Disclosures" which is effective for annual reporting periods beginning on or after 1 January 2007 and the related amendments to IAS 1 "Presentation of Financial Statements". The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures required in these financial statements regarding the Group's financial instruments and management of capital (see note 20). Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period, although the adoption of these interpretations has not led to any changes in the Group's accounting policies.

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 8	Operating Segments
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 9 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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 following accounting policies have been applied in dealing with items that are considered material in relation to the Group's financial statements:

1 Accounting Policies (continued)

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, modified by the revaluation of available-for-sale investments. The principal accounting policies are set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those of estimates.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the reporting date. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As permitted by section 230 of the Companies Act 1985, no separate income statement is presented in respect of the parent company. The loss for the financial year dealt with in the financial statements of the parent company was £3.0m (2006 – £1.2m).

Financial Instruments

Available-for-Sale Investments

Investments designated as available-for-sale are measured at fair value, with gains and losses arising from changes in fair value being recognised directly in equity.

Trade and Other Receivables

Trade and other receivables are measured at fair value, based on their invoice value. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the estimated recoverable amount.

Trade and Other Payables

Trade payables are initially measured at fair value, based on their invoice value.

Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds receivable, net of direct issue costs.

1 Accounting Policies (continued)

Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Foreign Currencies

Transactions in foreign currencies are recorded at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Gains and losses arising during the period on transactions denominated in foreign currencies are treated as normal items of income and expenditure in the income statement.

Non Current Fixed Assets

Intangible Fixed Assets – Internally Generated

An internally generated intangible asset arising from the Group's activity to acquire regulatory licences and deploy leading edge trading and surveillance technology is recognised as an intangible asset only if all of the following conditions are met:

- An asset is created that can be identified (licences and technology);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of Tangible and Intangible Assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An intangible asset with an indefinite useful life (Regulatory Licences) is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

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

1 Accounting Policies (continued)

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

Practical Application of Intangible Fixed Asset Policies to the Group's Internally Generated Intangible Assets

Regulatory Licences are valued at their marginal cost of acquisition less provision for any impairment. On an annual basis, the Company undertakes an impairment review of its intangible assets by comparing their recoverable amounts with their carrying amounts. The impairment review of the Regulatory Licences concludes that no provision for impairment is required because the Company has sufficient liquid resources and customer loyalty to maintain its business for an indefinite period of time.

Regulatory Licences are not amortised as they are considered to have an infinite life.

Costs relating to the development, installation and testing of the Company's trading platform SHIP have been capitalised. They will be amortised over a three year period from the date of the launch of the platform (November 2007).

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life as follows:

Office equipment:	Three years
Furniture and fittings:	Three years
IT equipment:	Three years

Depreciation is charged to the Income Statement.

The carrying values of property, plant and equipment are subject to annual review and any impairment is charged to the Income Statement.

Development Costs

Costs relating to the development and installation of the Company's trading platform have been capitalised. They will be amortised over a three year period from the launch of the platform.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1 Accounting Policies (continued)

Deferred Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

Revenue Recognition

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

Revenue comprises 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 Payments

The Company has early adopted IFRS 2 as at 1 January 2004. This has been applied to share options and equity instruments granted after 7th November 2002 that had not vested at the start of each of the respective years. IFRS 2 requires the recognition of share-based payments to employees at fair value at the date of grant.

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.

1 Accounting Policies (continued)

Operating Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Critical Accounting Judgement and Key Sources of Estimation Uncertainty

Equity-settled share based payments: The fair value of share based payments is calculated by reference to a Black-Scholes-Merton simulation model. Inputs into the model are based on management's best estimates of appropriate volatility, discount rate and share price growth.

2 Business and Geographical Segments

For management purposes, the Company is organised into one operating segment – Regulated Financial Services – and the majority of its current business is sourced from the United Kingdom.

3 Administrative Expenses

Administrative expenses includes £475k (2006 – £nil) in respect of the one-off costs incurred in respect of an aborted merger and £105k (2006 – £nil) of severance pay and related national insurance contributions in respect of the outgoing Chief Financial Officer and two Non-Executive Directors.

4 Charge in Relation to Share Based Payments

The Group maintains share option schemes 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:

	2007 No. of Share Options	**Weighted Average Exercise Price**	2006 No. of Share Options	Weighted Average Exercise Price
Outstanding at beginning of period	8,551,833	19.31p	9,809,106	16.80p
Granted during the period	17,076,417	19.64p	995,000	32.75p
Forfeited during the period	(413,100)	24.99p	(2,172,273)	13.91p
Exercised during the period	(1,500,000)	16.25p	(80,000)	25.00p
Expired during the period	-	-	-	-
Outstanding at the end of the period	23,715,150	19.64p	8,551,833	19.31p
Exercisable at the end of the period	553,733	28.44p	165,000	25.00p

4 Charge in Relation to Share Based Payments (continued)

The weighted average share price at the date of exercise for share options exercised during 2007 was 26.37p. The options outstanding at 31 December 2007 had a weighted average exercise price of 19.64p, and a weighted average remaining contractual life of 8.7 years.

In 2007, options were granted on 18 January, 13 April, 11 May, 21 and 29 June. The aggregate of the estimated fair values of the options granted on those dates is £1,018,426.

In 2006, options were granted on 18 May. The aggregate of the estimated fair values of the options granted on that date is £91,042.

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

	2007	2006
Weighted average share price	19.75p	19.72p
Weighted average exercise price	22.11p	24.09p
Expected volatility	46%	46%
Expected life	3.5 years	3.5 years
Risk free rate	5.0%	4.4%
Expected dividend yield	-	-

Expected volatility was determined by reference to the historical volatility of the Company'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 risk free rate is based on the average yield on gilts.

The Group recognised total expenses of £369,769 relating to equity-settled share-based payments in 2007 (2006 – £106,472).

On 8 October 2004 Numis Securities Limited was granted options over 1,890,000 shares in the Company as part of its remuneration for its role in achieving the listing on AIM. The options may be exercised between 8 October 2004 and 8 October 2009. The exercise price is 5p. To date none of the options have been exercised. Because the exercise price is the same as the nominal value of the shares the share based payment charge does not crystallise until the options are exercised and no provision has therefore been made in the consolidated financial statements.

5 Information Regarding Directors and Employees

	2007	2006
	No.	No.
The average number of persons employed by the Group (including Directors) during the year was:	36	22

	2007	2006
	£'000	£'000
Aggregate staff costs during the year were:		
Wages and salaries	3,205	1,342
Social security costs	374	147
Other benefits	43	27
	3,622	1,516
Emoluments of the Directors of the Group (which are included in the above figures) were as follows:		
Emoluments	1,029	288
Compensation for loss of office	102	-
Highest paid Director's remuneration:		
Aggregate of emoluments	323	88

There were no pension scheme contributions on behalf of Directors during 2007 or 2006 years.

6 Operating Loss

	2007	2006
	£'000	£'000
The operating loss was arrived at after charging:		
Depreciation and amortisation	357	282
Operating lease costs	379	99
Auditors' remuneration:		
• audit fees (including £6,000 (2006 – £5,000) in respect of the parent)	24	15
• non audit fees in respect of the interim review and tax services	13	13

7 Finance Income

	2007	2006
	£'000	£'000
Interest on bank deposits	1,398	121
	1,398	121

8 Tax on Loss on Ordinary Activities

	2007	2006
	£'000	£'000
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% (2006 – 30%), for the reasons set out in the following reconciliation:

	2007	2006
	£'000	£'000
Loss on ordinary activities before tax	(2,978)	(1,245)
Tax on loss on ordinary activities at standard rate	893	374
Add/(less) tax effect of:		
Expenses not deductible for tax purposes	(269)	(38)
Depreciation in the current period in excess of capital allowances	(70)	(101)
Increase in tax losses carried forward	(554)	(235)
Total actual amount of tax	-	-

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 £2.3m (2006 – £1.8m). The asset would be recoverable if sufficient taxable profits are made in the future.

9 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.

	2007	2006
	£'000	£'000
Loss on ordinary activities before tax	(2,978)	(1,245)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	310,099,825	134,577,948
Effect of dilutive potential ordinary shares:		
Share options	507,469	123,863
Weighted average number of ordinary shares for the purposes of diluted loss per share	310,607,294	134,701,811
	Pence	Pence
Basic and diluted loss per share	(0.96)p	(0.93)p

10 Intangible fixed assets

Group	Regulatory Licences	Trading Platform	Total
	£'000	£'000	£'000
2007			
Cost			
At 1 January 2007	500	387	887
Additions	259	2,726	2,985
At 31 December 2007	759	3,113	3,872
Accumulated Depreciation			
At 1 January 2007	-	245	245
Charge for the period	-	286	286
At 31 December 2007	-	531	531
Net Book Value			
At 31 December 2007	759	2,582	3,341
At 31 December 2006	500	142	642
2006			
Cost			
At 1 January 2006	500	387	887
Additions	-	-	-
At 31 December 2006	500	387	887
Accumulated Depreciation			
At 1 January 2006	-	80	80
Charge for the period	-	165	165
At 31 December 2006	-	245	245
Net Book Value			
At 31 December 2006	500	142	642
At 31 December 2005	500	307	807

During 2007 the costs of developing the new, world-class trading platform (Project SHIP) were capitalised. The intangible asset thus created is amortised over a period of three years commencing from the date of launch – 5 November 2007.

11 Tangible Fixed Assets

Group	Furniture and Fittings	Office Equipment	Computer Equipment	Leasehold Expenditure	Total
	£'000	£'000	£'000	£'000	£'000
2007					
Cost					
At 1 January 2007	236	148	310	-	694
Additions	23	2	24	23	72
At 31 December 2007	259	150	334	23	766
Accumulated Depreciation					
At 1 January 2007	217	142	227	-	587
Charge for the period	22	6	42	1	71
At 31 December 2007	239	148	270	1	658
Net Book Value					
At 31 December 2007	20	2	64	22	108
At 31 December 2006	19	6	83	-	108
2006					
Cost					
At 1 January 2006	235	149	222	-	605
Additions	1	-	89	-	90
At 31 December 2006	236	149	310	-	695
Accumulated Depreciation					
At 1 January 2006	155	123	193	-	470
Charge for the period	62	20	35	-	117
At 31 December 2006	217	143	227	-	587
Net Book Value					
At 31 December 2006	19	6	83	-	108
At 31 December 2005	80	26	29	-	135

12 Fixed Assets Investments

	Group 2007 £'000	Group 2006 £'000	**Company 2007 £'000**	Company 2006 £'000
Listed available-for-sale investments at market value	1	1	-	-
Investment in Kudosoption plc	-	-	-	-
Investment in PLUS Markets plc	-	-	10,729	316
	1	1	10,729	316

13 Trade and Other Receivables

	Group 2007 £'000	Group 2006 £'000	**Company 2007 £'000**	Company 2006 £'000
Trade debtors	106	1,370	-	-
Prepayments	319	182	13	14
Other debtors	49	35	3,077	104
VAT recoverable	428	-	69	3
Accrued income	4	4	-	-
	906	1,591	3,159	121

Other debtors in the Company includes an intercompany loan of £3.1m which is unlikely to be repayable within one year. The amount due from the wholly owned subsidiary, PLUS Markets plc, was written down at 31 December 2007 by £3.1m (2006 – £1.4m) 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.

The Company has moved away from generating deferred income at or prior to the balance sheet date in order to optimise cash flow. Had this practice been adopted in 2006, current assets and current liabilities would have been reduced by £1.4m and £1.6m respectively.

In each year, 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.

13 Trade and Other Receivables (continued)

	Group 2007 £'000	Group 2006 £'000	**Company 2007 £'000**	Company 2006 £'000
Trade Receivables	136	1,369	-	-
Allowance for doubtful debts	(30)	-	-	-
Total	106	1,369	-	-

Total trade receivables (net of allowances) held by the Company at 31 December 2007 amounted to £106k (2006 – £1.4m). The significant difference between 2006 and 2007 is due to the change in billing policy relating to deferred income. The number of days' sales in trade debtors at the year end was 13 (2006 – 230). Trade receivables between 60 days and 120 are provided for based on estimated irrecoverable amounts from the sale of services, determined by reference to specific historic default experience.

	Group 2007 £'000	Group 2006 £'000	**Company 2007 £'000**	Company 2006 £'000
Ageing of Past Due But Not Impaired				
30 – 60 Days past due	15	1,199	-	-
60 – 90 Days	8	3	-	-
90 – 120 Days	32	124	-	-
Total	55	1,326	-	-

	Group 2007 £'000	Group 2006 £'000	**Company 2007 £'000**	Company 2006 £'000
Movement in the Allowance for Doubtful Debts				
Impairment losses recognised on receivables	71	-	-	-
Amounts written off as uncollectible	(41)	-	-	-
Balance at end of the year	30	-	-	-

In determining the recoverability of a trade receivable, the Company considers a change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the the credit checks undertaken on all clients whereby this is based on credit scoring. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

13 Trade and Other Receivables (continued)

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of £30k (2006 – nil) where the customers have been placed under liquidation or administration. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

	Group 2007 £'000	Group 2006 £'000	**Company 2007 £'000**	Company 2006 £'000
Impaired Trade Receivables				
60 – 90 days	-	-	-	-
90 – 120 days	-	-	-	-
120+ days	30	-	-	-
Total	30	-	-	-

Credit Risk

The Group's principal financial assets are bank balances, and trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, where appropriate. Such an allowance is made where there is an identified loss which, based on prior experience, is evidence of a reduction in the recoverability of the anticipated cash flows. The group has no significant concentration of credit risk.

14 Trade and Other Payables

	Group 2007 £'000	Group 2006 £'000	**Company 2007 £'000**	Company 2006 £'000
Trade creditors	357	150	33	-
VAT payable	-	172	-	-
Other creditors	190	52	-	43
Accruals	737	135	77	1
	1,284	509	110	44

The number of days' purchases in trade creditors at the year end was 18 (2006 - 16)

15 Share Capital

	Group 2007 £'000	Group 2006 £'000	**Company 2007 £'000**	Company 2006 £'000
Authorised: 420,000,000 (2006 – 200,000,000) Ordinary shares of 5p each	21,000	10,000	21,000	10,000
Allotted and fully paid: 314,684,130 (2006 – 134,612,701) Ordinary shares of 5p each	15,734	6,731	15,734	6,731

The total number of share options outstanding under the PLUS Markets Plans at 31 December 2007 was 23,715,150 (2006 – 8,551,833).

During the year 178,571,429 new ordinary shares at 14p each (2006 – nil) were issued as a result of the Placing in January and 1,500,000 shares with a weighted average exercise price of 16.25p (2006 – 80,000 at 25p) as a result of share options exercised.

16 Commitments

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

1 An operating lease relating to the Group's office facilities with a lease term of 10 years. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

2 During 2007 PLUS Markets Plc entered into a Delivery Agreement and a Facilities and Services Management Agreement with OMX Technology Limited for the operation of SHIP trading and surveillance services. The minimum total value of the contract at the time of signature was £6.7m with the ability to maintain the same terms for five years if the option to cancel after three years is not exercised. The table below shows the full extent of the liability in the event the contract is retained for a full five years. Should the Group cancel the contract after three years there is an attendant contingent liability on such early termination as shown in Note 17.

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

	Group 2007 £'000		Group 2006 £'000		**Company 2007 £'000**		Company 2006 £'000	
	Land & Buildings	**Technology Services**	Land & Buildings	Technology Services	**Land & Buildings**	**Technology Services**	Land & Buildings	Technology Services
Within one year	99	1,700	99	-	-	-	-	-
In the 2nd to 5th year	396	6,517	396	-	-	-	-	-
After five years	209	-	308	-	-	-	-	-

Operating lease payments represent rentals payable by the Group for its office property. The lease was negotiated for a term of 10 years with a five year break clause.

17 Contingent Liabilities

In the Facilities and Services Management Agreement agreed between PLUS Markets Plc and OMX Technology Limited, as outlined in Note 16, there is a severance charge of £0.5m at the end of three years if the Group elects not to continue with the contract for a further two years.

18 Related Party Transactions

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures". Further information about the remuneration of individual Directors is provided in the Directors' Report on Remuneration on pages 22 to 25.

	2007	2006
	£'000	£'000
Short-term employee benefits	1,029	288
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	102	-
Share-based payments	1,127	147
	2,258	435

There were no loans or quasi-loans with any related parties other than the intercompany loan of £3.1m (2006 – £nil) which was eliminated on consolidation.

19 Post Balance Sheet Events

There have been no material events after the balance sheet date.

20 Capital Risk Management

The Group keeps all capital in cash, invested with a diverse range of banks across a range of maturities. The Group regularly reviews its counterparty risk and liquidity risk in the context of market developments and commitments.

21 Externally Imposed Regulatory Requirements

As a Recognised Investment Exchange the Group's operational subsidiary company, PLUS Markets plc, is required to monitor and review its working capital requirements and provides such data to the FSA. The Group also examines the orderly cost of closure of the business. Both reviews are undertaken on a quarterly basis. Currently, the Group is in a healthy position with regard to both metrics. The Board is cognisant that these metrics will become increasingly meaningful as measures of risk for the business if a truly competitive industry in the UK and EU primary and secondary markets is not created. The Group is proactively working with the gatekeepers to full competition to eliminate the legal, regulatory, behavioural and operational barriers.

As an RIE, PLUS Markets is obliged to maintain at least six months' expenses in cash resources and a figure of £3.1m has been reported to the FSA. Our actual resources of £20m exceed this by a comfortable margin.

22 Explanation of Transition to IFRSs

(a) Restatement of Group Financial Statements on Adoption of IFRSs.

This is the first full period for which the Group has presented its financial statements under IFRSs, as adopted for use in the European Union. The following disclosures are required in the period of transition. The last financial statements prepared under UK GAAP were for the year ended 31 December 2005 and the date of transition to IFRSs was therefore 1 January 2006.

(b) Reconciliation of Equity at 1 January 2006.

At the date of transition, the difference between the Group's balance sheet under UK GAAP and IFRSs was a reduction of £28k due to the amortisation of the rent free period against the full life excluding the break period.

(c) Income Statement for the Year Ended 31 December 2006 – Effect of IAS 1 "Presentation of Financial Statements" on UK GAAP Balances:

UK GAAP Balances in UK GAAP Format	Note	UK GAAP	Effect of Transition to IFRSs	IFRSs	IFRS Balances in IFRS Format
		£'000s	£'000s	£'000s	
Turnover		**2,169**	**-**	**2,169**	**Revenue**
Share based payments	1	(209)	103	(106)	Charge in relation to share based payments
Other operating charges	2	(3,414)	(15)	(3,429)	Other operating expenses
		(3,623)	88	(3,535)	
Operating Loss		**(1,454)**	**88**	**(1,366)**	**Operating Loss**
Interest receivable		121	-	121	Finance income
Loss on Ordinary Activities		**(1,333)**	**88**	**(1,245)**	**Loss on Ordinary Activities Before Taxation**
Tax on loss on ordinary activities		-	-	-	Taxation
Retained Loss for the Year		**(1,333)**	**88**	**(1,245)**	**Loss for the Year Attributable to Equity Holders of the Parent**
Loss per share Basic and diluted		(0.99)p	0.06p	(0.93)p	Loss per share Basic and diluted

NOTES

1 Revision of share based payment calculation.

2 Amortisation of the rent free period against the full life of the lease, rather than the period up to the first break.

22 Explanation of Transition to IFRSs (continued)

(d) Balance Sheet as at 31 December 2006 – Effect of IAS 1 "Presentation of Financial Statements" on UK GAAP Balances:

UK GAAP Balances in UK GAAP Format	Note	UK GAAP	Effect of Transition to IFRSs	IFRSs	IFRS Balances in IFRS Format
		£'000s	£'000s	£'000s	
Fixed Assets					**Non-Current Assets**
Intangible – Intellectual Property Rights	1	500	142	642	Intangible assets
Tangible	1	250	(142)	108	Property, plant and equipment
Investments		1	-	1	Available-for-sale investments
		751	-	751	
Current Assets					**Current Assets**
Debtors and prepayments		1,591	-	1,591	Trade and other receivables
Cash at bank and in hand		2,348	-	2,348	Cash and cash equivalents
		3,939	-	3,939	
Creditors: Amounts Falling Due Within One Year					**Current Liabilities**
Creditors and accruals	2	(466)	(43)	(509)	Trade and other payables
Deferred income		(1,595)	-	(1,595)	Deferred income
		(2,061)	(43)	(2,104)	
Net Current Assets		**1,878**	**(43)**	**1,835**	**Net Current Assets**
Net Assets		**2,629**	**(43)**	**2,586**	**Net Assets**
Capital and Reserves					**Equity**
Called up share capital		6,731	-	6,731	Share capital
Share premium		1,524	-	1,524	Share premium account
Profit & loss account	2	(5,626)	(43)	(5,669)	Retained earnings
Equity Shareholders Funds		**2,629**	**(43)**	**2,586**	**Equity Attributable to Equity Holders of the Parent**

NOTES

1 Reclassification of trading platform development from tangibles to intangibles.

2 Amortisation of the rent free period against the full life of the lease, rather than the period up to the first break

(e) Restatement of Consolidated Cash Flow Statement on adoption of IFRS

The presentation of the cash flow statement as specified by IAS 7 differs from UK GAAP requirements. A number of items have been reclassified, but there is no impact on cash flows. There is no change to the level of cash and cash equivalents at either the start or end of the year.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of PLUS Markets Group plc will be held at the offices of Numis Securities, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT on Wednesday, 30 April 2008, at 11.00 a.m., for the following purposes:

Ordinary Business

Resolution 1

To receive, consider and adopt the financial statements for the year to 31 December 2007
and the Directors' and Auditors' reports thereon;

Resolution 2

To approve the Directors' Remuneration Report;

Resolution 3

To re-appoint Stephen Allcock as a Director;

Resolution 4

To re-appoint Nicholas Smith as a Director;

Resolution 5

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 6 as an Ordinary Resolution and Resolution 7 as a Special Resolution:

Resolution 6

Authority to Allot Relevant Securities; and

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 £5,265,793.50 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 7

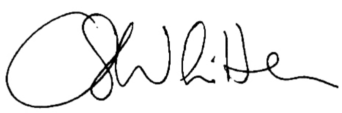
Dis-application of Pre-Emption Rights

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 6 as if section 89(1) of the Act did not apply to such allotment provided that this power:

1 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

2 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 2(a) above) of equity securities for cash up to an aggregate nominal amount equal to £786,710.33 (representing approximately 5% of the current issued share capital).

By Order of the Board



Celia L Whitten FCIS
Company Secretary
1 April 2008

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, Capita Registrars, 34 Beckenham Road, Beckenham, Kent BR3 4TU, 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 – 30 April 2008 at 11.00 a.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 30 April 2008, notice of which was sent to shareholders with the Directors' report and the accounts for the year to 31 December 2007, 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	Witheld
1	To receive, consider and adopt the financial statements together with the Reports of the Directors & Auditors for the year to 31 December 2007			
2	To approve the Directors' Remuneration Report			
3	To re-appoint Stephen Allcock as a Director			
4	To re-appoint Nicholas Smith as a Director			
5	To re-appoint Deloitte & Touche LLP as auditors and authorise the Directors to agree their remuneration			
6	To authorise the Directors to allot securities (Ordinary Resolution)			
7	To disapply Section 89(1) of the Companies Act 1985 (Special Resolution)			

Signed: Dated: 2008

NOTES

1 To be valid, the proxy form must be received by the Registrars of PLUS Markets Group plc at, Capita Registrars, Proxies Department, PO Box 25, Beckenham, Kent, BR3 4BR no later than 48 hours before the commencement of the meeting. If delivering in person or by courier please use the full address of Capita set out in the Notice.

2 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.

3 Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

4 To appoint more than one proxy, you may photocopy this form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

5 The 'Vote Withheld' option overleaf is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

6 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.

7 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6 p.m. on the day which is two days before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

8 The address on the envelope containing this notice is how your address appears on the Register of Members. If this information is incorrect please ring the Registrar's helpline on 0871 664 0300 (Calls cost 10p per minute plus network extras) to request a change of address form.

9 The completion and return of this form will not preclude a member from attending the meeting and voting in person.

Third fold and tuck in

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Business Reply Licence No. MB122

Capita Registrars
The Proxy Department
PO Box 25
Beckenham
BR3 4BR

First Fold

Second fold