PLUS MARKETS GROUP PLC
ANNUAL REPORT 2008

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Chairman's Statement

Growing market share

PLUS is the first and only new competitive stock exchange in London. It opened as an exchange in 2007. Already, it has the second largest exchange growth market in Europe by numbers of companies quoted and it achieved the third highest market share by volume recently in UK and Irish equities trading.

PLUS is the dominant venue for UK retail liquidity as demonstrated by its record trading figures in 2008, with the value of shares traded up by 385% on 2007. Independent figures compiled in January 2009 rank PLUS third behind the London Stock Exchange and Markit BOAT.

PLUS has introduced competition into listing in London on the main market for the first time.

In 2008, 40 new issues, both domestic and international, were admitted to PLUS. This means that PLUS now has 58 international companies on its primary markets, making PLUS one of the most international growth markets in Europe.

The year was a ground breaking one for PLUS with 5.1 million bargains representing 26.1 billion shares, valued at £36.4 billion trading on the PLUS platform. These figures are up on 2007 by 377%, 215% and 385% respectively.

Independent figures in February 2009 rank PLUS third by volume in London with a 7.4% market share for all UK and Irish equities. PLUS also attracts significant market share in on-exchange business in larger listed liquid securities. Upwards of 550 small and mid-cap companies listed or quoted on other markets regularly see more than half their trading taking place on PLUS.

Financial position

Revenues held steady at £3.25 million (2007 - £3.10 million) against underlying operational and administrative expenses without non-recurring expenses at £7.68 million (2007 - £6.17 million). The loss, excluding the impairment and litigation costs, was better than forecast.

Administrative expenses for 2008 amounted to £10.15 million (2007 - £6.75 million). These include £2.47million in respect of one-off non-recurring costs in connection with the setting up of PLUS-Europe, legal costs, trading platform development costs after 30 June 2008 and expenditure on the website redesign. (2007 - £0.58 million in respect of an aborted merger and severance pay to outgoing Directors.)

The current market conditions and the lack of a fully competitive exchange environment mean that there is uncertainty in quantifying and estimating the timing of future revenue flows. The Board has therefore taken the decision to write down the carrying value of the licences and the trading platform to nil. The value of the impairment is £3.64 million (2007 - nil) and is based on the net book value as at 30 June 2008. Development costs of £0.73 million incurred after 30 June 2008 have been expensed and are included in administrative expenses (2007 - nil).

The value of the intangible fixed assets may, if future circumstances permit and the Directors consider it appropriate, be increased to a revised value, provided this is no greater than the value before impairment.

The loss before depreciation, amortisation, impairment and interest received was £7.36 million (2007 - £4.02 million). The loss includes the non-recurring expenses of £2.47 million (2007 - £0.58 million) and the share-based payment charge of £0.45 million (2007 - £0.37 million). The loss after depreciation, amortisation, impairment and interest was £10.20 million for the year (2007 - £2.98 million).

PLUS runs a full stock exchange on a cost base which competes very favourably with its exchange peer group.

Through its ability to capture trading and capital markets activity, PLUS demonstrates momentum despite volatile market conditions in the competitive MTF and exchange landscape. The Group intends to continue its development, grow its market share and respond to opportunities in the rapidly changing marketplace. In this more challenging environment cost-effectiveness and innovation, PLUS' specialities, matter increasingly.

The Group carries no debt and at the year end its balance sheet was supported by £14.83 million cash.

Trading in all AIM securities

PLUS's view remains that competition and choice should prevail in the trading of AIM securities in the same way as for Main Market securities.

As I have detailed above, where PLUS is allowed to compete without restrictions it is gaining market share. It is disappointing that the UK authorities have not yet introduced competition in the trading of AIM securities in the same way as for other securities. Consequently, PLUS has taken alternative steps towards providing wider competition. In particular, the Group has worked with the Munich Stock Exchange to develop PLUS-Europe under German law which already permits wider competition. PLUS-Europe opened on 6 February 2009 offering full stock coverage for AIM and certain other securities.

Currently, London Stock Exchange plc (LSE), imposes restrictions upon the ability of investors to use PLUS-Europe as a full alternative. As mentioned in our Interim Statement, having sought appropriate legal advice the Group launched a High Court action as it considers these restrictions to be unlawful and as having the object and effect of restricting competition in AIM.

The case is due to be heard later this year and shareholders should understand that the outcome of the case will have significant ramifications for the Group.

Enhancements to the trading platform

In July 2008, PLUS announced details of a programme of trading platform enhancements intended to broaden its execution service offering to include wider electronic connectivity and create new trading mechanisms on the PLUS market.

The first phase of these enhancements is a dark liquidity pool known as the PLUS-pool. This provides a venue for the efficient electronic trading of block orders and uniquely is focused on the small and mid-cap securities. PLUS-pool is MiFID compliant and is supported by Central CounterParty services (CCP) provided by LCH.Clearnet. PLUS constantly re-assesses its offering to ensure that it is meeting customer need.

Future developments

In 2008, PLUS signed three Memoranda of Understanding with partners in different parts of the world. The Group intends to build on these and other relationships to the benefit of the business in 2009.

Last year the Group stated that provided it was able to trade all AIM securities without restrictions by the end of 2008, the Board expected it to become cash generative in 2009. This will not happen because the UK regulatory regime has not changed within the timeframes originally anticipated and because of the restrictive effects of LSE rules. Whilst continuing to pursue this objective, the Group continues to grow market share in other areas of the market.

2008 was a year of innovation and growing market share. PLUS attracted a wider variety of companies, advisers and instruments to its markets. These provide a solid foundation upon which to build further.

Stephen Hazell-Smith
Chairman
30 April 2009

Operating and Financial Review

Cautionary Statement

This Operating and Financial Review (OFR) has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The OFR should not be relied on by any other party or for any other purpose.

The OFR contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Operations and Operating Environment

PLUS is the first and only new competitive stock exchange in London. It offers three key services: Capital Markets, Trading and Market Data Services. A description of the principal activities can be found in the Directors' Report.

The Company's subsidiary PLUS Markets plc was designated a Recognised Investment Exchange in July 2007 and is a Market Operator under the Markets in Financial Instruments Directive (MiFID), authorised to operate both a regulated market and a Multilateral Trading Facility (MTF). PLUS also has Trade Data Monitor (TDM) status.

PLUS competes with traditional stock exchanges and also against the new breed of MTF and other TDMs.

Whilst trading a wide range of European securities, the current operations of PLUS are focused on serving the needs of small and mid-cap companies. PLUS is the dominant UK venue for retail execution.

Strategy and objectives

The Group's strategy has been to build up market share in the small and mid-cap sector of the market for equities.

PLUS continues to seek the right to trade all AIM securities in the same way as all other European listed securities; this will complete the its small and mid-cap offering, enabling PLUS to move towards becoming cash generative.

Building on its small and mid-cap base, PLUS intends to broaden its core product offering in the listing of other types of equity-related instruments and offering execution services. This would enable PLUS to include more institutional investment firms and add shareholder value.

Key Performance Indicators

Capital Markets

At the year end, PLUS had 214 companies on its primary markets, having admitted 40 new issues during the year (60 in 2007). The slow down in new issues in 2008 reflects the difficult financial market conditions generally. During the year, 38 issuers left the market (28 in 2007). PLUS has 58 international companies on its primary markets, making PLUS one of the most international growth markets in Europe. PLUS is now the second largest exchange growth market in Europe by number of companies quoted.

PLUS has been continuing to develop its primary markets and broadening its offering. An example was the Nuclear Power Notes issued by Barclays Bank plc in January 2009 following the acquisition of British Energy by EDF. This involved a new instrument – a CVR - and brought in new major market players to PLUS. A second example is the first global depository receipt (GDR) admission on PLUS in February 2009.

Trading Services

2008 was a ground breaking year for PLUS with 5.1 million bargains representing 26.1 billion shares, valued at £36.4 billion trading on the PLUS platform. These figures are up on 2007 by 377%, 215% and 385% respectively.

Independent figures in February 2009 rank PLUS third by volume in London with a 7.4% market share for all UK and Irish equities. PLUS also attracts significant market share in on-exchange business in larger listed liquid securities. Latest published figures for the present year record trade values and volumes of 15% or more in FTSE 100 stocks such as Royal Bank of Scotland Group plc, Lloyds Banking Group plc and Barclays plc.

PLUS is the dominant venue for UK retail liquidity due to the market makers and retail service providers, whose business PLUS supports and invests in through its dedicated market making platform. PLUS' market share, its importance as a venue for electronic execution of retail flow and its liquidity places the Company firmly in the MTF and exchange landscape as a competitive London execution venue. These factors are attracting new brokers, market makers and participants to PLUS.

Upwards of 550 small and mid-cap companies listed or quoted on other markets regularly see more than half their trading taking place on PLUS. PLUS has introduced competition into listing in London on the main market for the first time.

Income and Expense

Revenues held steady at £3.25 million (2007 - £3.10 million) against underlying operational and administrative expenses of £7.68 million (2007 - £6.17 million).

Administrative expenses for 2008 include £2.47million in respect of one-off non-recurring costs in connection with the setting up of PLUS-Europe, legal costs, trading platform development costs after 30 June 2008 and expenditure on the website redesign. (2007 - £0.58 million in respect of an aborted merger and severance pay to outgoing Directors.)

Given the current market conditions and the lack of a fully competitive exchange environment there is uncertainty in quantifying and estimating the timing of future revenue flows. The Board has therefore decided to write down the carrying value of the licences and the trading platform to nil. The value of the impairment is £3.64 million (2007 - nil) and is based on the net book value as at 30 June 2008. Development costs of £0.73 million incurred after 30 June 2008 have been expensed and are included in administrative expenses (2007 - nil).

The value of the intangible fixed assets may, if future circumstances permit and the Directors consider it appropriate, be increased to a revised value, provided this is no greater than the value before impairment.

The loss before depreciation, amortisation, impairment and interest received was £7.36 million. The loss includes the non-recurring expenses of £2.47 million and the share-based payment charge of £0.45 million.

Administrative expenses for 2008 amounted to £10.15 million (2007 - £6.75 million). Underlying operational and administrative expenses for 2008 without non-recurring expenses was £7.68 million (2007 - £6.17 million).

Balance Sheet

The Group's net assets stood at £14.33 million as at the balance sheet date of 31 December 2008 (2007 - £24.07 million), reflecting the recognition of the impairment to the value of the intangible assets. The Group has not raised any new equity since its successful Placing in January 2007 and it has no debt.

Cash Flow and Banking Policy

At the year-end the Group had £14.83 million of cash on its balance sheet (2007 - £21.01 million). From a regulatory perspective, the Group continues to meet its Financial Resources Requirement.

The average return on funds achieved over the year was 6.09% (2007 - 5.93%), despite available interest rates declining sharply, particularly in the second half of the year. Finance income contributed £1.09 million (2007 - £1.40 million).

The Group has diversified the location of its cash deposits. At the beginning of the year, the Group received banking services from Close Brothers plc (on an arms' length basis) and Bank of Scotland plc. The Group now also uses the services of HSBC Bank plc and the Royal Bank of Scotland Group plc.

Risks and uncertainties

Risk awareness and risk management are approached through a framework of policies, procedures and controls, as required by our status as a Recognised Investment Exchange. The Group therefore has an independent Risk & Compliance function, administering risk policies approved by the Board and reporting to the Audit Committee. All applicable legal and regulatory standards are applied by our General Counsel and Regulatory functions.

The Group'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, as well as ensuring that the controls that are in place are effective. This is achieved through regular updates from the Finance and Risk Management functions throughout the year.

The key risks facing the Group are as follows:

- Regulatory risk;
- Competitor risk;
- Economic environment; and
- IT infrastructure.

Regulatory risk

PLUS is authorised by the FSA as a Recognised Investment Exchange. There is a potential risk that that authorisation may be revoked due to failings in compliance with FSA regulations and requirements. As far as the Directors are aware no such failings exist and, as stated above, the Group has a framework of policies, procedures, and controls in place to prevent the occurrence of any such failings.

The introduction of MiFID resulted in the elimination of barriers to competition in the trading of all securities admitted to trading on a regulated market. One barrier remains; as outlined in the Chairman's Statement, the UK authorities have yet to introduce competition in AIM securities in the same way as for other securities. PLUS has taken alternative measures to provide wider competition. In particular, PLUS has developed PLUS-Europe in partnership with the Munich Stock Exchange under German law which already permits wider competition.

However, the London Stock Exchange plc imposes restrictions upon the ability of investors to use PLUS-Europe as a full alternative. Having sought legal advice on the point the Group launched a High Court action as it considers these restrictions to be unlawful and as having the object and effect of restricting competition in AIM. The case is due to be heard later this year. The outcome of the case will have significant ramifications for the Group.

Competitor risk

In each of PLUS's areas of activity it operates in highly competitive markets where there has historically been a dominant single supplier, being the national exchange of each country. PLUS has begun to make a significant impression in both Capital Markets, where it is the second largest growth exchange in Europe, and in Trading Services, where it has recently achieved the third largest market share by volume in UK and Irish securities.

PLUS's market share could be eroded by competitors if it fails to introduce new products and services. This risk is mitigated by the existence of a dedicated, experienced business development team that communicates regularly with industry participants and customer focus groups and engages in consultation on rules and trading requirements. Business Development activity is overseen by the Board which receives reports on a regular basis.

Economic environment

The continued deterioration in general financial conditions and the likely subsequent increased regulation may impact PLUS negatively by subduing the number of issuers on PLUS' primary markets. The impact may however be different on the secondary market, which still shows year on year growth at the end of Q1 2009.

PLUS continues to develop its primary markets and broaden its offering. An example was the Nuclear Power Notes issued by Barclays Bank plc in January 2009 following the acquisition of British Energy by EDF. This involved a new instrument - a CVR - and brought in new major market players to PLUS. A second example is the first global depository receipt (GDR) admission on PLUS in February 2009.

IT infrastructure

Failure to anticipate the changing needs of the Group's rapidly developing markets could result in delays in implementing appropriate new technology projects. PLUS's trading platform, developed in conjunction with Nasdaq OMX, is constantly under review for suitability, security and reliability. Regular consultation between the Group's experienced IT and Business Development personnel ensures that new products and services are feasible and timely.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The financial position of the Group, its cash flows and liquidity position are described in this Financial Review. In addition note 1 to the financial statements includes the Group's objectives, policies and processes for managing its capital, details of its financial instruments and the basis of critical accounting judgements and key sources of estimation uncertainty.

The Group has sufficient financial resources held on a range of short term deposits at four different banks. Consequently, the Directors have formed a judgement, at the time of approving these financial statements, that there is a 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.

Board of Directors and Advisers

Stephen Hazell-Smith (55) +

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 and chairman of Phoenix VCT Plc.

Simon Brickles (44)

Chief Executive Officer

(from 1 November 2004)

Simon was appointed as CEO in November 2004 having previously been employed at London Stock Exchange. Prior to that he practised as a barrister. He was educated at the Inns of Court School of Law and Emmanuel College, Cambridge and City University.

Stephen Allcock (57) *+

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 (66) *

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 London Stock Exchange from 1990 until 2004. He is a consultant at 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 (57) *+

Independent Non-Executive Director, Chairman of the Audit Committee

(appointed 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, Sorbic International plc and Armor Designs, Inc., as well as Ophir Energy plc. He is chairman of 4C Associates Ltd.

Cyril Théret (38)

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 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.

Giles Vardey (52) +

Independent Non-Executive Director, Chairman of the Remuneration Committee

(from 8 January 2007)

Giles served on the main board of 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 Fellow of the Securities Institute, has served on the Securities Trading Committee of the London Investment Banking Association and on the APCIMS Europe Committee. He was chairman of Hunter-Fleming Ltd, chairman of Trident Gaming Ltd and is chairman of the Boat Race Company Ltd, which organises the annual Oxford and Cambridge University Boat Race.

Nemone Wynn-Evans (34)

Chief Financial Officer

(from 19 September 2008)

Nemone joined PLUS Markets Group in 2004 as a member of the current management team. She has an MBA from Cranfield School of Management and is a graduate of Merton College, Oxford. She spent several years working in corporate finance and broking at KPMG and HSBC, prior to a relationship management role at London Stock Exchange.

* 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 and Registered Office

Celia Whitten FCIS, Standon House, 21 Mansell Street, London E1 8AA
Registered in England No. 04606754

Nominated Adviser and Broker

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

Auditors

Deloitte 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
HSBC Bank Plc, City of London Branch, 60 Queen Victoria Street, London EC4N 4TR
The Royal Bank of Scotland Plc, 36 St Andrews Square, Edinburgh EH2 2YB and 7th Floor, 280 Bishopsgate, London EC2M 4RB

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 a Recognised Investment Exchange (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:

- **11 Full Board Meetings**
  All Directors attended all meetings with the exception of Nicholas Smith who was unable to attend two of those meetings.

- **2 Audit Committee Meetings**
  All Members attended.

- **5 Remuneration Committee Meetings**
  All Members attended.

- **1 Nomination Committee Meeting**
  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 representation of the Company's auditors, the Chairman, the Chief Financial

Officer and Chief Executive Officer may also attend by invitation. The Committee met twice in relation to the year ended 31 December 2008. 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 meets 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 budgets 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. 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 2008 was 26,875,150 (2007 - 23,715,150), representing 8.54% (2007 - 7.54%) 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	12 03 2007	11 03 2014
290,909	6.875p	11 03 2005	11 03 2008	11 03 2015
2,009,091	7.25p	17 03 2005	17 03 2008	17 03 2015
3,000,000	24.125p	16 12 2005	16 12 2008	16 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	2.25p	13 04 2007	13 04 2010	12 04 2017
782,960	25p	11 05 2007	11 05 2010	10 05 2017
1,810,000	29.58p	21 06 2007	21 06 2010	20 06 2017
40,000	28.75p	29 06 2007	29 06 2010	28 06 2017
3,265,000	8.92p*	23 09 2008	23 09 2011	22 09 2018
225,000	7.63p*	10 10 2008	10 10 2011	09 10 2018

* Subject to a performance condition that the mean average mid-market price must exceed 20p for 30 days immediately preceding the earliest exercise date.

Directors' Remuneration

The remuneration of the Directors for the year ended 31 December 2008 was as follows:

	2008 Salary/Fees £'000	**2008 Benefits £'000**	**2008 Total £'000**	2007 Salary/Fees £'000	2007 Benefits £'000	2007 Total £'000
S J Allcock	30	-	30	32	-	32
H Bagan (resigned 8 Jan 2007)	-	-	-	3	-	3
S M Brickles	200	2	202	321	2	323
D S Francis (resigned 8 Jan 2007)	-	-	-	96	-	96
I G Salter	30	-	30	31	-	31
S J Hazell-Smith	37	-	37	46	-	46
N M N Smith	30	-	30	30	-	30
B A Taylor (resigned 30 Apr 2008)	73	-	73	320	-	320
C Théret	160	3	163	216	2	218
G E Vardey	30	-	30	31	-	31
J A T Wedgwood (resigned 8 Jan 2007)	-	-	-	3	-	3
N L Wynn-Evans (appointed 19 Sep 2008)	43	1	44	-	-	-
	633	6	639	1,129	4	1,133

Service Agreements and Letters of Appointment

Simon Brickles, Cyril Théret and Nemone Wynn-Evans 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 Taylor, who resigned on 30 April 2008, provided services under a contract agreed with BTA Consulting Limited. This agreement was terminated on six months' notice in accordance with its terms.

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 2008
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	
	23 09 2008	23 09 2011	22 09 2018	8.92p*	220,000	4,604,578
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	
	23 09 2008	23 09 2011	22 09 2018	8.92p*	220,000	3,195,249
N L Wynn-Evans	11 03 2005	11 03 2008	10 03 2015	6.875p	290,909	
	17 03 2005	17 03 2008	16 03 2015	7.25p	109,091	
	16 12 2005	16 12 2008	15 12 2015	24.125p	500,000	
	18 01 2007	18 01 2010	17 01 2017	17.25p	1,292,289	
	23 09 2008	23 09 2011	22 09 2018	8.92p*	720,000	2,912,289
BTA Consulting Limited	18 01 2007	18 01 2010	17 01 2017	17.25p	3,131,841	3,131,841

* Subject to a performance condition that the mean average mid-market price must exceed 20p for 30 days immediately preceding the earliest exercise date.

The options granted to Simon Brickles, Cyril Théret and Nemone Wynn-Evans 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 provided services, was granted options over 3,131,841 ordinary shares of 5p each representing one per cent of the current issued share capital. These options are due to lapse on 29 April 2009.

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
30 April 2009

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 2008.

Principal Activities

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

Capital Markets

The Group provides services to Issuers and Corporate Advisers for the listing and admission to trading on PLUS on two types of market as shown below:

PLUS offers a quotation and listing destination in London, providing a meeting place for companies and investors. It offers both an exchange-regulated market (PLUS-quoted) and a fully listed market (PLUS-listed).

PLUS-quoted is the second largest exchange growth market in Europe by numbers of companies quoted and it ranks in the top 10 growth markets worldwide. It is dedicated to the needs of growing companies who want access to a public market (often for the first time) whether to raise capital or to enhance the profile of their business amongst investors.

PLUS-listed is a market for established companies and the larger funds who want admission to the Official List of the FSA's UK Listing Authority.

Trading Services

PLUS is the dominant UK venue for execution of retail flow and its liquidity places PLUS firmly in the MTF and exchange landscape as a competitive London execution venue. PLUS shows continuing traction in growing trading market share. The Group's position as the dominant venue for UK retail liquidity is demonstrated by the record trading figures in 2008, with trade values up 385% on 2007.

PLUS operates a platform on which the whole of the CESR list comprising some 7,500 stocks can be traded and reported. These include all UK securities (excluding AIM) and European securities.

Market Data Services

PLUS supplies real-time prices and trading data which supports the transparency and liquidity of the Group's markets. Real-time regulated information feeds offer proprietary PLUS trading data.

Review of Business and Future Developments

A review of the business and future developments is contained in the Operating and Financial Review.

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 2008 (2007 - nil).

Capital Structure

Details of the Company's share capital, including shares issued during the year, are shown in note 16.

Substantial Shareholdings

At 28 February 2009, 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	9.36%
Scottish Widows	7.49%
Cenkos Securities	5.70%
Bank of New York	3.82%
JM Finn	3.28%

Directors and Their Interests

The Directors of the Company, their biographies and respective appointment dates are set out in the section "Board of Directors and Advisers". Messrs Salter and Vardey will retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for reappointment. Mrs Wynn-Evans will retire in accordance with the Company's Articles of Association and, being eligible, will offer herself for re-election.

The Board has considered provision A.7.2 of the Combined Code 2006 and believes that Messrs Salter and Vardey and Mrs Wynn-Evans 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 as follows:

Directors	Shareholding as at 31 Dec 07	Shareholding as at 31 Dec 08	Shareholding as at 28 Feb 09
S J Allcock	1,442,857	1,442,857	1,442,857
S M Brickles	1,078,571	1,119,539	1,119,539
I G Salter	500,001	500,001	500,001
S J Hazell-Smith	1,814,286	2,064,286	2,064,286
N M N Smith	478,571	478,571	478,571
B Taylor (resigned 30 April 2008)	71,429	-	-
C Théret	271,428	271,428	271,428
G E Vardey	127,456	127,456	127,456
N L Wynn-Evans (appointed 19 September 2008)	-	484,681	484,681

Directors' Share Options
Details of Directors' share options are provided in the Directors' Report on Remuneration.

Supplier Payment Policy
The Group 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 80 (2007 - 18).

Charitable and Political Contributions
No donations were made during the year for political purposes (2007 - nil). During the year the group made charitable donations of £2,600 (2007 - nil) to a medical research charity specialising in developments in rehabilitation techniques and equipment.

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 4 June 2009 at 12.00 noon is given on page 55. As well as the resolutions normally proposed at the Annual General Meeting, this year we are seeking shareholder approval to update the Company's Articles of Association.

New Articles of Association

The provisions of the Companies Act 2006 ("2006 Act") are in the process of being brought into force, with all provisions expected to be in force by 1 October 2009. The Company therefore proposes to adopt new Articles of Association to incorporate some of the key changes introduced by the 2006 Act which are currently in force and to reflect other recent changes in the law.

The material differences between the existing Articles of Association of the Company (the "Existing Articles") and the proposed new Articles of Association of the Company to be approved at the AGM (the "New Articles") are summarised below. Changes of a minor, conforming or purely technical nature have not been mentioned specifically.

- **Enabling the Company to communicate with Shareholders by electronic and/or website communications**

  The 2006 Act contains provisions relating to electronic communications between companies and their shareholders. The key change enables companies to use electronic communications with shareholders as the default position by placing documents on a website unless shareholders specifically elect to receive hard copies. Shareholders may elect for all or any communications to be sent to them via email rather than receiving documents in hard copy form and shareholders may communicate with the Company by electronic means where the company has given an electronic address in a notice calling a meeting or in an instrument of proxy. The New Articles will allow the Company to use these provisions and permit notice of general meetings, proxies and documents to be delivered using modern electronic means. The New Articles will also allow Directors' meetings to make use of electronic communications.

- **Allowing the Directors to authorise conflicts or potential conflicts of interest, where appropriate**

  The 2006 Act sets out directors' general duties which largely codify the existing law albeit with some changes. Under the 2006 Act, from 1 October 2008 a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a Director is appointed to the board of another company or becomes a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, provided the Articles of Association contain a provision to this effect. The 2006 Act also allows the Articles to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles will give the Directors authority to approve such situations and will include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

  There are safeguards that will apply when directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

  It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the required procedures have been followed.

- **Disclosing of interests in shares**
  The provisions relating to the disclosure of interests in shares contained in the Companies Act 1985, including Section 212 on company investigation powers, were repealed in January 2007. Section 793 and related sections in Part 22 of the 2006 Act, which contain the corresponding company investigation powers previously contained in Section 212, have been brought into force and accordingly the New Articles reflect these changes.

- **Removing the chairman's casting vote in the case of an equality of votes at a meeting of the Shareholders**

- **Reducing the minimum notice period for calling an extraordinary general meeting from 21 clear days to 14 clear days**

- **All shareholder meetings other than the annual general meeting will henceforth be called general meetings**

- **Enabling proxies to vote on a show of hands, as well as on a poll as currently provided for and to allow multiple proxies to be appointed**

  Copies of the Existing Articles and the New Articles (and a comparison document showing all the proposed changes to the Existing Articles) are available for inspection during normal business hours at the registered office of the Company until the date of the AGM or upon request of the company secretary. Copies will also be available at the AGM from at least 15 minutes prior to the meeting until its conclusion.

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 the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the 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 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
30 April 2009

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and have also elected to prepare financial statements for the Company in accordance with applicable IFRSs. Company law requires the Directors to prepare such financial statements in accordance with IFRSs, the 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 IFRS 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, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 1985.

The Directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Directors' Responsibilities

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board

Stephen Hazell-Smith
Chairman
30 April 2009

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 2008 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 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. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report.

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

We read 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 further information outside the Annual Report.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 2008 and of its loss for the year then ended;
- the parent Company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent Company's affairs as at 31 December 2008.
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, England
30 April 2009

Consolidated Income Statement

For the year ended 31 December 2008

	Note	**Year ended 31 December 2008 £'000**	Year ended 31 December 2007 £'000
Continuing Operations			
Revenue		3,247	3,101
Administrative expenses	3	(10,152)	(6,750)
Charge in relation to share-based payments	4	(453)	(370)
Loss before depreciation, amortisation and impairment charge		(7,358)	(4,019)
Depreciation and amortisation	11, 12	(299)	(357)
Impairment of intangible fixed assets	8	(3,635)	-
Operating loss	6	(11,292)	(4,376)
Finance income	7	1,093	1,398
Loss on ordinary activities before taxation		(10,199)	(2,978)
Taxation	9	-	-
Loss for the period attributable to equity holders of the parent		(10,199)	(2,978)
Loss per share			
Basic	10	(3.24)p	(0.96)p
Diluted	10	(3.22)p	(0.96)p

Consolidated Balance Sheet
For the year ended 31 December 2008

	Note	**31 December 2008 £'000**	31 December 2007 £'000
Non-current assets			
Intangible assets	11	-	3,341
Property, plant and equipment	12	55	108
Available-for-sale investments	13	1	1
		56	3,450
Current assets			
Trade and other receivables	14	1,610	906
Cash and cash equivalents		14,831	21,006
		16,441	21,912
Total assets		16,497	25,362
Current liabilities			
Trade and other payables	15	(2,086)	(1,284)
Deferred income		(84)	(5)
		(2,170)	(1,289)
Net current assets		**14,271**	**20,623**
Net assets		**14,327**	**24,073**
Equity			
Share capital	16	15,734	15,734
Share premium account		16,616	16,616
Retained earnings		(18,023)	(8,277)
Equity attributable to equity holders of the parent		**14,327**	**24,073**

These financial statements were approved by the Board of Directors and authorised for issue on 30 April 2009

Signed on behalf of the Board of Directors by

Stephen Hazell-Smith
Chairman
30 April 2009

Company Balance Sheet

For the year ended 31 December 200

	Note	31 December 2008 £'000	31 December 2007 £'000
Non - Current Assets			
Investments in subsidiaries	13	510	10,729
		510	10,729
Current assets			
Trade and other receivables	14	211	3,159
Cash and cash equivalents		14,661	10,295
		14,872	13,454
Total Assets		15,382	24,183
Current Liabilities			
Trade and other payables	15	(584)	(110)
		(584)	(110)
Net current assets		**14,288**	**13,344**
Net Assets		**14,798**	**24,073**
Equity			
Share capital	16	15,734	15,734
Share premium account		16,616	16,616
Retained Earnings		(17,552)	(8,277)
Equity shareholders' funds		**14,798**	**24,073**

Consolidated Cash Flow Statement
For the year ended 31 December 2008

	Year ended 31 December 2008	Year ended 31 December 2007
	£'000	£'000
Net loss from operating activities	**(11,292)**	**(4,376)**
Adjustments for non cash items:		
Impairment of intangible assets	3,635	-
Amortisation of intangible assets	238	286
Depreciation of tangible assets	61	71
Share-based payment expense	453	370
Operating cash flows before movements in working capital	(6,905)	(3,649)
(Increase) / decrease in trade and other receivables	(704)	684
Increase / (decrease) in trade and other payables	880	(815)
Net cash used in operating activities	**(6,729)**	**(3,780)**
Investing activities		
Interest received	1,093	1,398
Purchase of non current assets	(539)	(3,055)
Net cash generated by/(used in) investing activities	**554**	**(1,657)**
Financing activities		
Net proceeds from issue of equity shares by Placing and exercise of options	-	24,095
Net cash generated by financing activities	**-**	**24,095**
Net (decrease)/increase in cash and cash equivalents	**(6,175)**	**18,658**
Cash and cash equivalents at beginning of year	**21,006**	**2,348**
Cash and cash equivalents at end of year	**14,831**	**21,006**

Company Cash Flow Statement

For the year ended 31 December 2008

	Year ended 31 December 2008	Year ended 31 December 2007
	£'000	£'000
Net Loss from Operating Activities	**(10,309)**	**(3,639)**
Adjustments for non cash items:		
Write down investment in Subsidiaries	10,220	-
Operating cash flows before movements in working capital	(89)	(3,639)
Decrease/(increase) in trade and other receivables	2,948	(3,039)
Increase in trade and other payables	474	66
Net cash from/(used in) operating activities	**3,333**	**(6,612)**
Investing activities		
Interest received	1,033	1,031
Investment in Subsidiaries	-	(10,413)
Net cash generated by/(used in) investing activities	**1,033**	**(9,382)**
Financing activities		
Net proceeds from issue of equity shares	-	24,095
Net cash generated by financing activities	**-**	**24,095**
Net increase in cash and cash equivalents	**4,366**	**8,102**
Cash and cash equivalents at beginning of year	**10,295**	**2,193**
Cash and cash equivalents at end of year	**14,661**	**10,295**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Share Capital	Share Premium	Retained Earnings	Total
	£'000	£'000	£'000	£'000
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
	-	-	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**
Attributable to equity holders of the parent at 1 January 2008	15,734	16,616	(8,277)	24,073
Reversal of share based payment charge	-	-	453	453
Loss for the year	-	-	(10,199)	(10,199)
Attributable to equity holders of the parent at 31 December 2008	**15,734**	**16,616**	**(18,023)**	**14,327**

Company Statement of Changes in Equity

For the year ended 31 December 2008

	Share Capital	Share Premium	Retained Earnings	Total
	£'000	£'000	£'000	£'000
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**
Attributable to equity holders of the parent at 1 January 2008	15,734	16,616	(8,277)	24,073
Write down value of wholly owned subsidiary	-	-	(10,220)	(10,220)
Reversal of share based payment charge	-	-	453	453
Profit for the year, excluding write downs	-	-	492	492
Attributable to equity holders of the parent at 31 December 2008	**15,734**	**16,616**	**(17,552)**	**14,798**

Notes to the Financial Statements

For the year ended 31 December 2008

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

In the current year, two Interpretations issued by the International Financial Reporting Interpretations Committee are effect for the current period. These are: IFRIC 11 IFRS 2 - Group and Treasury Share Transactions and IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. 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 (and in some cases had not yet been adopted by the EU):

Standards

- IFRS 1 First-time Adoption of IFRS - Restructured standard (2008)
- IFRS 3 Business Combinations (2008)

Interpretations

- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 17 Distributions of Non-Cash Assets to Owners
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 18 Transfers of Assets from Customers

Amendments

- IAS 27 Consolidated and Separate Financial Statements (2008)
- IAS 39 Amendments for Reclassification of Financial Assets
- IFRIC 9 and IAS 39 Amendment - Embedded Derivatives
- IAS 39 Amendments for Eligible Hedged Items
- IFRS 7 Amendment - Improving Disclosures About Financial Instruments
- Improvements to IFRSs April 2009

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, except for 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.

As set out in the Operating and Financial Review, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 £9.73 million (2007 - £3.00 million).

Investment in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Financial Instruments

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

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.

1 Accounting Policies (continued)

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.

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.

1 Accounting Policies (continued)

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.

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.

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, installation and testing of the trading platform have been capitalised as described above.

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.

Taxation

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

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

1 Accounting Policies (continued)

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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

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 Group'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 licences for market data feeds that are invoiced in advance of the service being provided.

Share Based Payments

The Group has early adopted IFRS 2 as at 1 January 2004. This has been applied to share options and equity instruments granted after 7 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.

1 Accounting Policies (continued)

The Group 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 Group'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.

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.

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.

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 have been capitalised. From 1 January 2008 these are being amortised on a straight line basis over a five year period. In the audited financial statements to 31 December 2007 the amortisation of these costs was calculated over a three year period. This change in estimate has reduced the amortisation charge in 2008 by £0.36 million.

Given the current market conditions in which the Group operates and therefore the uncertainty in quantifying and estimating the timing of future revenue flows, the carrying value of the licences and the trading platform have been written down to nil. The value of the intangible fixed assets may, if considered appropriate, be increased to a revised value in future, provided this is no greater than the value before impairment.

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 in 2008 include £2.47 million in respect of one-off non-recurring costs in connection with the setting up of PLUS-Europe, legal costs, trading platform development costs after 30 June 2008, consultants on special projects and website redevelopment. 2007 included £0.58 million in respect of the costs of an aborted merger and the severance pay and related national insurance contributions in respect of the outgoing Chief Financial Officer and one Non-Executive Director.

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:

	2008 No. of Share Options	Weighted Average Exercise Price	2007 No. of Share Options	Weighted Average Exercise Price
Outstanding at beginning of period	23,715,150	19.64	8,551,833	19.31p
Granted during the period	3,490,000	8.84p	17,076,417	19.64p
Forfeited during the period	(330,000)	29.58p	(413,100)	24.99p
Exercised during the period	-	-	(1,500,000)	16.25p
Expired during the period	-	-	-	-
Outstanding at the end of the period	26,875,150	18.11p	23,715,150	19.64p
Exercisable at the end of the period	5,853,733	17.88p	553,733	28.44p

No share options were exercised during 2008. The options outstanding at 31 December 2008 had a weighted average exercise price of 18.11p, and a weighted average remaining contractual life of 8.0 years.

In 2008, options were granted on 23 September and 10 October. The aggregate of the estimated fair values of the options granted on those dates is £64,249.

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.

4 Charge in Relation to Share Based Payments (continued)

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

	2008	2007
Weighted average share price	18.60p	19.75p
Weighted average exercise price	21.45p	22.11p
Expected volatility	46%	46%
Expected life	3.5 years	3.5 years
Risk free rate	4.5%	5.0%
Expected dividend yield	-	-

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

The options granted on 23 September and 10 October 2008 are subject to a performance condition that the mean average mid-market price must exceed 20p for 30 days immediately preceding the earliest exercise date.

The Group recognised total expenses of £453,258 relating to equity-settled share-based payments in 2008 (2007 - £369,769).

On 8 October 2004 Numis Securities Limited was granted options over 1,890,000 shares in the Company as part of its remuneration in connection with a Placing they achieved for the Company in that year. The options may be exercised between 8 October 2004 and 8 October 2009. The exercise price is £0.05. 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

	2008 No.	2007 No.
The average number of persons employed by the Group (including Directors) during the year was:	50	36

	2008 £'000	2007 £'000
Aggregate staff costs during the year were:		
Wages and salaries	3,172	3,205
Social security costs	388	374
Other benefits	57	43
	3,617	3,622
Emoluments of the Directors of the Group (which are included in the above figures) were as follows:		
Emoluments	639	1,029
Compensation for loss of office	-	102
Highest paid Director's remuneration:		
Aggregate of emoluments	202	321

There were no pension scheme contributions on behalf of Directors during the years 2008 or 2007.

6 Operating Loss

	2008 £'000	2007 £'000
The operating loss was arrived at after charging:		
Depreciation and amortisation	299	357
Impairment of intangible fixed assets	3,635	-
Operating lease costs	1,524	379
Auditors' remuneration:		
• audit fees (including £6,000 (2007 - £6,000) in respect of the parent)	22	24
• non audit fees in respect of the interim review and tax services	14	13

7 Finance Income

	2008 £'000	2007 £'000
Interest on bank deposits	1,093	1,398
	1,093	1,398

8 Impairment of intangible fixed assets

	2008 £'000	2007 £'000
Impairment of trading platform	2,876	-
Impairment of regulatory licences	759	
	3,635	-

As described in the accounting policies at note 1 above, an impairment review of the Group's intangible fixed assets was undertaken by the Directors as at 31 December 2008.

The assets comprise the bespoke trading platform and the regulatory licences, both internally generated assets. The valuation approach adopted was to consider the net present value of the assets in use, over the expected useful life of the trading platform.

The expected useful life of the trading platform runs only to the end of 2012. Given the current market conditions in which the Group operates and therefore the short-term uncertainty in quantifying and estimating the timing of future revenue flows, the Board has adopted a realistic and prudent view and decided to provide for 100% impairment of both the trading platform and the regulatory licences.

The value of the impairment of £3.64 million (2007 - nil) is based on the net book value as at 30 June 2008.

As the assets have not previously been revalued, the impairment loss is taken directly to the Income Statement as an expense. The value of the intangible fixed assets will be kept under review and may, if future circumstances permit and the Directors consider it appropriate, be increased to a revised value, provided this is no greater than the value before impairment.

9 Tax on loss on ordinary activities

	2008 **£'000**	2007 £'000
UK corporation tax at 28.5% (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 28.5% (2007 - 30%), for the reasons set out in the following reconciliation:

	2008 **£'000**	2007 £'000
Loss on ordinary activities before tax	(10,199)	(2,978)
Tax on loss on ordinary activities at standard rate	2,907	893
Add/(less) tax effect of:		
Expenses not deductible for tax purposes	(471)	(269)
Depreciation in the current period in excess of capital allowances	(15)	(70)
Increase in tax losses carried forward	(2,421)	(554)
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 £3.7 million (2007 - £2.3 million). The asset would be recoverable if sufficient taxable profits are made in the future.

10 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 vesting during the period.

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(10,199)	(2,978)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	314,684,130	310,099,825
Effect of dilutive potential ordinary shares: Share options	2,502,899	507,469
Weighted average number of ordinary shares for the purposes of diluted loss per share	317,187,029	310,607,294
	Pence	Pence
Basic loss per share	(3.24)p	(0.96)p
Diluted loss per share	(3.22)p	(0.96)p

11 Intangible Fixed Assets

Group	Regulatory Licences £'000	Trading Platform £'000	Total £'000
2008			
Cost			
At 1 January 2008	759	3,113	3,872
Additions	-	532	532
Fully amortised written off	-	(387)	(387)
At 31 December 2008	759	3,258	4,017
Accumulated Amortisation			
At 1 January 2008	-	531	531
Charge for the period	-	238	238
Fully amortised written off	-	(387)	(387)
Impairment charge	759	2,876	3,635
At 31 December 2008	759	3,258	4,017
Net Book Value			
At 31 December 2008	-	-	-
At 31 December 2007	759	2,582	3,341
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 Amortisation			
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

12 Tangible Fixed Assets

Group	Furniture and Fittings £'000	Office Equipment £'000	Computer Equipment £'000	Leasehold Expenditure £'000	Total £'000
2008					
Cost					
At 1 January 2008	259	150	333	23	765
Additions	-	-	8	-	8
At 31 December 2008	259	150	341	23	773
Accumulated depreciation					
At 1 January 2008	239	148	269	1	657
Charge for the period	9	1	43	8	61
At 31 December 2008	248	149	312	9	718
Net book Value					
At 31 December 2008	11	1	29	14	55
At 31 December 2007	20	2	64	22	108
2007					
Cost					
At 1 January 2007	236	148	310	-	694
Additions	23	2	23	23	71
At 31 December 2007	259	150	333	23	765
Accumulated depreciation					
At 1 January 2007	217	142	227	-	586
Charge for the period	22	6	42	1	71
At 31 December 2007	239	148	269	1	657
Net book value					
At 31 December 2007	20	2	64	22	108
At 31 December 2006	19	6	83	-	108

13 Fixed Asset Investments

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Listed available-for-sale investments at market value	1	1	-	-
Investment in Kudosoption plc	-	-	-	-
Investment in PLUS Markets plc	-	-	510	10,729
	1	1	510	10,729

PLUS Markets plc and Kudosoption plc are wholly-owned subsidiaries of PLUS Markets Group plc. All three companies are incorporated and registered in Great Britain. In 2008 the investment in PLUS Markets plc was written down by £10.22 million (2007 - nil) to reflect the operating loss, including the impairment of intangible fixed assets, in the operational subsidiary.

14 Trade and Other Receivables

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Trade debtors	339	106	-	-
Prepayments	676	319	15	13
Other debtors	37	49	-	3,077
VAT recoverable	359	428	3	69
Accrued income	199	4	193	-
	1,610	906	211	3,159

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

14 Trade and Other Receivables (continued)

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Trade Receivables	339	136	-	-
Allowance for doubtful debts	-	(30)	-	-
Total	339	106	-	-

Total trade receivables (net of allowances) held by the Group at 31 December 2008 amounted to £0.34 million (2007 - £0.11 million). The number of days' sales in trade debtors at the year end was 38 (2007 - 13). Trade debtors at the year end include one item of £0.18 million, in respect of a one-off application fee, which was collected on 13 January 2009.

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Ageing of past due but not impaired				
30 - 60 Days past due	2	15	-	-
60 - 90 Days	4	8	-	-
90 - 120 Days	-	32	-	-
Total	6	55	-	-

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Movement in the allowance for doubtful debts				
Balance at the beginning of the period	30	-	-	-
Impairment losses recognised on receivables	47	71	-	-
Amounts written off as uncollectible	(69)	(41)	-	-
Amounts recovered during the year	(8)	-	-	-
Balance at end of the year	-	30	-	-

In determining the recoverability of a trade receivable, the Group 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 credit check done on all clients based on credit scoring. The directors believe that no further credit provision is required in excess of the allowance for doubtful debts.

There were no individually impaired trade receivables in 2008 (2007 - £0.30 million) 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.

14 Trade and Other Receivables (continued)

	Group 2008 £'000	Group 2007 £'000	**Company 2008 £'000**	Company 2007 £'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.

15 Trade and Other Payables

	Group 2008 £'000	Group 2007 £'000	**Company 2008 £'000**	Company 2007 £'000
Trade creditors	1,359	357	20	33
Other creditors	196	190	558	-
Accruals	531	737	6	77
	2,086	1,284	584	110

Other creditors in the Company includes an intercompany loan of £0.56 million (2007 - debtor of £3.08 million) which is unlikely to be required to be repaid within one year.

The number of days' purchases in trade creditors at the year end was 80 (2007 - 18) and all trade creditors are payable within 12 months.

16 Share Capital

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Authorised:				
420,000,000 (2007 - 420,000,000)				
Ordinary shares of 5p each	21,000	21,000	21,000	21,000
Allotted and fully paid:				
314,684,130 (2007 - 314,684,130)				
Ordinary shares of 5p each	15,734	15,734	15,734	15,734

The total number of share options outstanding under the PLUS Markets Plans at 31 December 2008 was 26,875,150 (2007 - 23,715,150).

During the year no shares were issued (2007 - 178,571,429 at 14p) and no share options were exercised (2007 - 150,000 at 16.25p).

17 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 Management Services Agreement with OMX Technology Limited for the operation of the trading platform and surveillance services. The minimum total value of the contract at the time of signature was £6.70 million 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 18.

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 2008 £'000		Group 2007 £'000		Company 2008 £'000		Company 2007 £'000	
	Land & Buildings	Technology Services	Land & Buildings	Technology Services	Land & Buildings	Technology Services	Land & Buildings	Technology Services
Within one year	99	1,815	99	1,700	-	-	-	-
In the second to fifth year	379	5,148	396	6,517	-	-	-	-
After five years	-	-	209	-	-	-	-	-

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 5 year break clause.

18 Contingent Liabilities

In the Facilities Management Services Agreement agreed between PLUS Markets Plc and OMX Technology Limited, as outlined in Note 16, there is a severance charge of £0.50 million at the end of three years if the Group elects not to continue with the contract for a further two years.

19 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.

	2008	2007
	£'000	£'000
Short-term employee benefits	641	1,029
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	102
Share-based payments	103	1,127
	744	2,258

There were no loans or quasi-loans with any related parties other than the intercompany loan of £0.56 million (2007 - £3.08 million) which was eliminated on consolidation.

20 Post balance sheet events

There have been no material events after the Balance Sheet date.

21 Capital and Liquidity Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note16 and the Statements of Changes in Equity.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk via centralised group's Corporate Treasury function using sources of financing from other group entities and investing excess liquidity. The Group maintains adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group has no financial liabilities other than the trade and other payables detailed in note 15.

22 Externally Imposed Regulatory Requirements

As a Recognised Investment Exchange the Company's operational subsidiary, PLUS Markets plc, is required to monitor and review its working capital requirements and provides such data to the FSA. The Company also examines the orderly cost of closure of the business. Both reviews are undertaken on a quarterly basis. Currently, the Company 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 capital markets is not created.

As an RIE, PLUS Markets is obliged to maintain at least six months' expenses in cash resources and a figure of £4.00 million has been reported to the FSA. Our actual resources of £14.83 million exceed this by a comfortable margin.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of PLUS Markets Group plc will be held at the Group's registered office: Standon House, 21 Mansell Street, London EC1 8AA on 4 June 2009 at 12.00 noon, for the following purposes:

Ordinary Business

Resolution 1

To receive, consider and adopt the financial statements for the year to 31 December 2008 and the Directors' and Auditors' reports thereon;

Resolution 2

To approve the Directors' Remuneration Report;

Resolution 3

To re-appoint Ian Salter as a Director;

Resolution 4

To re-appoint Giles Vardey as a Director;

Resolution 5

To re-appoint Nemone Wynn-Evans as a Director;

Resolution 6

To re-appoint Deloitte 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 7 as an Ordinary Resolution and Resolutions 8 and 9 as Special Resolutions:

Resolution 7

Authority to Allot Relevant Securities;

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.

Notice of Annual General Meeting (continued)

Resolution 8
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 7 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 (representing approximately 5% of the current issued share capital).

Resolution 9
Adoption of New Articles of Association

That the Articles of Association produced to the meeting and initialled by the Chairman for the purpose of identification be adopted as the Articles of Association of the company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

By Order of the Board

Celia L Whitten FCIS
Company Secretary
30 April 2009

NOTES

(i) 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.

(ii) 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.

(iii) 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 proposed new 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 – 4 June 2009.

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 4 June 2009, notice of which was sent to shareholders with the Directors' report and the accounts for the year to 31 December 2008, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the Notice of Meeting:

Resolution number		For	Against	Withheld
1	To receive, consider and adopt the financial statements together with the Reports of the Directors & Auditors for the year to 31 December 2008			
2	To approve the Directors' Remuneration Report			
3	To re-appoint Ian Salter as a Director			
4	To re-appoint Giles Vardey as a Director			
5	To re-appoint Nemone Wynn-Evans as a Director			
6	To re-appoint Deloitte LLP as auditors and authorise the Directors to agree their remuneration			
7	To authorise the Directors to allot securities (Ordinary Resolution)			
8	To disapply Section 89(1) of the Companies Act 1985 (Special Resolution)			
9	To adopt new Articles of Association (Special Resolution)			

Signed: Dated: 2009

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.

PLEASE USE THE REPLY PAID ENVELOPE PROVIDED