PLUS MARKETS GROUP PLC
ANNUAL REPORT 2009

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Chairman's Statement

This is my first statement to shareholders since being appointed Non-Executive Chairman on 8 February 2010. The Board changes announced on that date are intended to address the commercial and financial challenges that are facing PLUS over the next three years.

In announcing our results for the year ended 31 December 2009, I would like to take this opportunity to give an indication of the future direction for PLUS. We have launched an immediate strategic review of all of our activities as our business plans need to be clear and credible. We intend to provide more detailed information to shareholders on our plans in the coming months as we finalise them. The main focus will be revenue growth and a more sustainable business structure properly aligned to costs and revenues.

I have taken over as chairman of the Board from Stephen Hazell-Smith, who recently completed five years as Chairman, and oversaw the Company's wholly owned subsidiary, PLUS Markets plc, becoming a Recognised Investment Exchange. The Board is very grateful for his significant contribution to this important phase of PLUS' development. Simon Brickles, formerly Chief Executive Officer, has taken up the new executive role of Vice Chairman with a focus on PLUS Markets' international activity, particularly in the Gulf Co-operative Council ("GCC") region.

In terms of the period just passed, the first quarter of 2009 saw particularly difficult market conditions, although the support provided to the equity markets by the Bank of England's quantitative easing programme saw a subsequent rally. PLUS continued to see both significant growth in reported retail flow and some investor confidence returning to the market. However, our flagship market for small and mid-cap issuers (the PLUS-quoted market) registered a small reduction in issuers for the first time, impacting negatively on PLUS' revenues.

It is clear that the environment in which PLUS operates has become highly competitive and consolidation amongst execution venues has already started to take place. Against the macroeconomic backdrop, which has continued to dampen the market's appetite for Initial Public Offerings, important changes are transforming PLUS' marketplace such as the impact of the EU Markets in Financial Instruments Directive ("MiFID"), implemented in November 2007.

The Board has concluded that PLUS needs to apply the right level of resources to protect its PLUS-quoted market. This small and mid-cap offering is PLUS' core franchise, and we have continued to receive strong support for it amongst many trading and broking firms as well as PLUS Corporate Advisers. We are very grateful for this support and it augurs well for the future.

PLUS also needs to consider the right intermediation model to underpin the growing flow of private investor transactions which continue to be reported on our market, and to evaluate the development of electronic execution as part of our trading offering. In addition, PLUS now seeks to activate its core primary market in a more powerful way, as a clear route to reverse the failure to deliver revenue growth in the last two years.

These are all challenging objectives but the new management team intends to move as quickly as possible to ensure that PLUS diversifies and grows its revenue streams in an environment where business models and market participants are changing rapidly. Finally, PLUS intends to reduce costs still further in business areas where there are no clear revenue benefits to be obtained, as part of its drive towards profitability.

Over the past two years, the Group's share price has undoubtedly been disappointing and it is understandable if shareholders have themselves been disappointed not to see the growth story they expected. Nevertheless, the Board is grateful for their continuing support and intends to provide more detail of PLUS' enlarged strategy for profitability in due course, while seeking to increase the frequency of shareholder updates going forwards. The Company raised further funds in 2009 via the £5 million investment from Amara Dhari in September and we await any new business coming to PLUS from the GCC region on the back of that investment.

In conclusion, we look forward to realising the considerable opportunities available to PLUS in such a turbulent marketplace, and to delivering revenue growth from its unique market positioning as a fully competitive stock exchange in the London and international markets.

Giles Vardey
Chairman
25 March 2010

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

The Group's operating subsidiary, PLUS Markets plc, was designated a Recognised Investment Exchange in July 2007. PLUS is the first alternative equity stock exchange in London offering both:

- listing services (capital markets): operating the PLUS-listed market, a Regulated Market for issuers admitted to the Official List, and the PLUS-quoted market, an exchange-regulated market for domestic and international issuers; and
- trading services: facilitating the execution of retail flow via Retail Service Provider ("RSP") networks and the provision of capital commitment in small and mid-cap issuers.

The current operations of PLUS are focussed on serving the needs of small and mid-cap companies, from both the UK and overseas through its exchange-regulated market, and the provision of market making and retail flow.

Strategy and Objectives

The Group's strategy over the past two years has primarily been to grow the number of PLUS-quoted issuers and to expand its market share of retail flow in the small and mid-cap sector of the equities market.

Retail flow reported from UK FTSE indices constituents significantly increased throughout 2008 and continued through 2009. Core to this was the continuing effort to achieve the right to trade all AIM securities without regulatory encumbrance, in order to increase reported flow from FTSE AIM constituents. This was achieved during the year, and PLUS commenced trading all AIM securities in August 2009, and already between 25-30% of all trading activity in AIM securities was reported to PLUS during the last quarter of 2009.

It was originally envisaged that PLUS would move towards becoming cash generative following the completion of the objectives set out above. However, as a result of competing pressures amongst execution venues and a poor economic backdrop for Initial Public Offerings ("IPOs"), the Group recognised the need for further strategic development to drive the Company towards profitability.

In September 2009, the Group secured a £5 million investment from Amara Dhari, a special purpose vehicle set up by a syndicate of investors from the GCC region, to strengthen its balance sheet and increase its regulatory capital. Pursuant to that investment, the Group announced plans to diversify its geographical reach into the GCC region to boost its international listing offering and trading venue.

In February 2010, the Group announced a number of Board changes, intended to enhance the Group's ongoing development plans. The new Board seeks to capitalise on its current franchise and leverage its ability to offer listing services by:

- increasing the visibility and quality of its exchange-regulated, PLUS-quoted market; and
- diversifying its product portfolio through listing and electronic execution.

As a consequence, the Board is currently undertaking a comprehensive strategic review of its existing operations in order to realise revenue opportunities available from the above.

Key Performance Indicators

Capital Markets

At the year end, PLUS had 179 companies admitted to trading on the PLUS-quoted market (down from 214 at end of 2008). During the year, 52 issuers left the market (38 in 2008) and PLUS admitted 24 new admissions during the year (40 in 2008), of which 18 were new issues.

The low level of new issues in 2009 continued to reflect the difficult financial market conditions that the Group operates in, and has put the PLUS-quoted market in negative net growth for the first time. However, over the period the total market capitalisation of PLUS-quoted companies rose by an encouraging 32% to £2.5 billion (from £1.9 billion at the end of 2008).

Against this backdrop, the Group was still able to grow its PLUS Corporate Adviser base, which underpins the pipeline for future issuers. The Group is pleased to have welcomed six new PLUS Corporate Advisers, namely: Alexander David Securities, Cenkos, Hybridan, Strand Hanson, Strata Technology Partners and ZAI Corporate Finance.

The small and mid-cap market is PLUS' core franchise and represents 68.8% of its present revenues. The Group is therefore investing in raising the visibility and quality of issuers on its markets. As a first step, PLUS commissioned equity research from Edison Research to provide research coverage of PLUS-quoted companies, the first edition of which was published on 23 February 2010. In addition, the Group now has contracts with dedicated public relations and publication houses which are designed to promote the issuers on PLUS' capital markets.

PLUS has 38 international companies on its primary markets, making PLUS one of the most international growth markets in Europe. The largest M&A transaction during the year, and the biggest ever on PLUS, was the takeover of Rafco by RAK Real Estate for $927 million in March, making Kuwait-based RAK Real Estate the largest PLUS-quoted company by market capitalisation at over £600 million.

Recognising the strength of its international appeal, PLUS has begun extending its international sales drive and has sent several delegations to the GCC and Asian regions, while Amara Dhari is working with PLUS in establishing a presence in the Middle East. As a first step, PLUS is investigating the creation of a Shariah compliant trading platform or segment.

Trading Services

During 2009, 8.6 million bargains (2008 – 5.1 million) were reported to PLUS, representing 83.2 billion shares (2008 – 26.1 billion), with a total value of £52.8 billion (2008 – £36.4 billion). Overall equity flow reported to PLUS during the year accounted for 5-10% of overall UK equity trading.

Volumes in retail banking stocks such as RBS, Lloyds and Barclays reported to PLUS continued to grow promisingly. Some 25-30% of trading activity in AIM securities was also reported to PLUS during the last quarter of 2009 – the first full quarter since trading in all AIM securities commenced in August.

Trading activity in PLUS-quoted securities remained quiet throughout 2009. PLUS seeks to increase the visibility of this market segment by increasing the number of market makers and private client brokers.

Two new Retail Service Providers, Citadel Investment Group and Knight Capital Europe Limited, joined PLUS in 2009. Both bring further welcome competition in the execution of retail flow to our broker membership, which had seen a reduction in the number of RSPs in recent years.

Income and Expense

Revenues stood at £3.04 million (2008 - £3.25 million), with the fall of 6% for the twelve months reflecting the same level reported as at the six months ended 30 June, against the prior period in each case. This year, for the first time under International Financial Reporting Standards, the Group reports the split in revenues.

The majority of the Group's revenues derive from Capital Markets and from the sale of trading data (Real-Time Products).

Capital Markets revenue amounted to £2.01 million (2008 - £2.28 million), representing application and annual fees from issuers on the exchange's primary markets, and application and annual fees from PLUS Corporate Advisers. The decline in revenues is primarily linked to the economic backdrop in 2009, resulting in fewer IPOs and a trend of issuers leaving equity markets.

Trading Services does not generate revenue from trading activity directly. PLUS generates revenue from information data sales, selling trading data through Real-Time Products, sold to market participants and to end-users via vendors such as Bloomberg, Fidessa and Thomson Reuters. The growth in retail flow reported to PLUS generated sales in Real-Time Products of £0.87 million (2008 - £0.84 million). PLUS saw limited revenue benefit come through from AIM trading due to the late start in 2009, following the achievement of the right to trade AIM securities during the year.

Operational and administrative expenses amounted to £11.56 million (2008 - £10.15 million). These include £2.8 million in respect of one-off costs in connection with legal costs, the setting-up of PLUS-Europe, trading platform development costs and strategic initiatives.

The loss before depreciation, amortisation, impairment and interest received was £8.43 million (2008 - £7.36 million). The loss after depreciation and amortisation, and a credit of £0.22 million (2008 - £1.09 million) of interest income, was £8.26 million (2008 - £10.20 million).

Balance Sheet

The Group's net assets stood at £10.99 million as at the balance sheet date of 31 December 2009 (2008 - £14.33 million), reflecting the continuing losses of the Group, but benefiting from a £5 million cash injection from raising new equity in October 2009. The Group has no debt.

Cash Flow and Banking Policy

At the year-end the Group had £10.74 million of cash on its balance sheet (2008 - £14.83 million). From a regulatory perspective, the Group continues to meet its Financial Resources Requirement, as set by the Financial Services Authority. As a Recognised Investment Exchange, PLUS is obliged to maintain at least 150% of six months' operating expenses in cash resources.

The average return on funds achieved over the year was 1.70% (2008 - 6.09%). Finance income contributed £0.22 million (2008 - £1.09 million). The Group has maintained a diversification policy in respect of its cash deposits, using the banking services of Close Brothers plc (on an arms' length basis), Bank of Scotland plc, 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 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:

- economic environment;
- strategic and financial risk;
- regulatory risk;
- competitor risk; and
- technology infrastructure.

Economic environment

The continued poor economic outlook impacts PLUS negatively by subduing the number of issuers on PLUS' primary markets. In order to mitigate this risk, PLUS continues to develop its primary markets and broaden its offering, both by product and by geography – for example, by seeking to attract issuers from China and South East Asia and the GCC region.

Strategic and financial risk

The Group has confirmed that it seeks to capitalise on its existing franchise. However, it presently has limited financial resources to be able fully to invest in capital expenditure to support leverage or diversification. Hence the Board's review of its existing operations, especially as the Group's chosen marketplace continues to undergo structural changes in a post-MiFID environment, which may present both opportunities and threats for PLUS.

Regulatory risk

Following the implementation of MiFID in November 2007, a review of the regulatory regime is planned by regulatory bodies in 2010. The scope of that review will be to examine the effectiveness of the MiFID regime in practice, with a three year evidential base to draw on, and propose amendments where market failures are seen to have arisen. These could particularly be in the areas of non-equity instruments (bonds, OTC derivatives) and market transparency (such as the application of the pre-trade transparency waivers, the need for a consolidated tape). The review of those provisions that relate to market infrastructures may present both opportunities and threats for PLUS.

PLUS is authorised by the Financial Services Authority 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.

In addition PLUS is required to maintain a level of regulatory capital, equal to at least 150% of six months' expenses in cash resources. The Directors will continue to monitor the adequacy of the regulatory capital headroom.

Competitor risk

In each of PLUS' 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 seeks 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 achieved the third largest market share by volume in UK securities.

However, PLUS' market share could be eroded by competitors if it fails to introduce new products and services. This risk is mitigated to some extent 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. However, its ability to introduce new products and services is presently constrained due to limited financial resources, as outlined above.

Technology 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' 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 Review. In addition notes 3 and 4 to the financial statements include 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.

Nemone Wynn-Evans
Chief Financial Officer
25 March 2010

Board of Directors and Advisers

Giles Vardey (53)

Independent Non-Executive Chairman

(from 8 February 2010 – previously Non-Executive Director from January 2007 to September 2009)
Giles has over 27 years' senior management and board experience in financial markets, investment banking and high growth companies. He is a non-executive director of Pipeline Financial Ltd, a specialist equity trading systems provider. Previous roles include Chairman of CQS Management, one of Europe's leading hedge funds, and Chief Executive of Greig Middleton & Co, part of Gerrard plc. Giles served on the main board of the London Stock Exchange between 1992 and 1997, leading the implementation of SETS and the creation of AIM and FTSE International. Prior to that he spent 10 years in securities sales and trading at Salomon Brothers, Swiss Bank Corporation and County NatWest. He read PPE at Balliol College, Oxford.

Simon Brickles (45)

Vice Chairman

(from 15 February 2010 – previously Chief Executive Officer)
Simon was appointed Vice Chairman in February 2010 having served as CEO since November 2004. He was previously employed as head of AIM at the London Stock Exchange. Prior to that he practised as a barrister. He was educated at Emmanuel College, Cambridge and the City University and the Inns of Court School of Law.

Cyril Théret (39)

Chief Executive Officer

(from 15 February 2010 – previously Business Development Director)
Cyril was appointed Chief Executive Officer in February 2010 having joined the Group in January 2004 and being made Business Development Director in January 2007. He previously spent five years with the London Stock Exchange where he held positions in market supervision and issuer services including Business Development Manager for North America. Prior to his time at the London Stock Exchange Cyril worked for State Street Bank and Trust in Paris, Munich and London. He holds a Maitrise d'Ingenierie Financiere and B.A. in International Economics.

Nemone Wynn-Evans (35)

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 in PPE 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 the London Stock Exchange.

Ahmed Ibrahim Al Asfour (54)

Non-Executive Director

(from 1 October 2009)
Ahmed spent his early career working for oil companies. From 1992 to 1996 he worked for the Ministry of Oil for the State of Kuwait and presently serves as Chairman and CEO of Ritaj Insurance Company as well as holding a number of other board appointments. He obtained a Bachelor of Science degree from the University of Minnesota and is a national of the state of Kuwait.

Hisham S Al Otaibi (63)

Non-Executive Director

(from 1 October 2009)

Hisham is the former Minister of Commerce and Industry for the State of Kuwait, and has been a member of the Kuwait Supreme Petroleum Council since 1999. He currently serves as a director of the Kuwait Stock Exchange, having formerly been its President and is Chairman of Contracting & Marine Services Co. Hisham holds a Bachelor of Science degree from the University of Oklahoma and is a national of the state of Kuwait.

Stephen Allcock (58) *+

Independent Non-Executive Director, Chairman of the Remuneration Committee

(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.

Nicholas Smith (58)* +

Independent Non-Executive Director, Chairman of the Audit Committee

(from 1 January 2006)

Nicholas is a Chartered Accountant with a previous career in investment banking. He worked for Flemings, Jardine Fleming and HSBC in Europe and Asia and his roles have included being co-head of investment banking and Chief Financial Officer of the Jardine Fleming Group. He currently serves as Chairman of Ophir Energy plc, and as director of Asian Citrus Holdings Ltd., Sorbic International Ltd. and Japan Opportunities Fund II Limited.

* 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, Registered Office and Registration Number

Celia Whitten FCIS, Standon House, 21 Mansell Street, London E1 8AA. Registered in England and Wales No. 4606754

Nominated Adviser and Broker

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

Auditors

Deloitte LLP, 2 New Street Square, London EC4A 3BZ

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 and a marketing/strategy report from the Business Development Director. The Head of Regulation reports twice a year on regulatory and compliance matters. The Board is satisfied with the form, quality, timing and appropriateness of the information it receives. There are also weekly 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 Hisham Al Otaibi, Stephen Allcock, Ian Salter, Nicholas Smith and Nemone Wynn-Evans who were unable to attend one of those meetings and Giles Vardey and Ahmed Al Asfour who were unable to attend two of those meetings.

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

- **1 Remuneration Committee Meeting**
  All Members attended.

- **No Nomination Committee Meetings were held**

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

- **Audit Committee**
  Nicholas Smith (Chairman)
  Stephen Allcock
  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 three times in relation to the year ended 31 December 2009. 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**
  Stephen Allcock (Chairman)
  Nicholas Smith
  Details of the work of the Remuneration Committee are set out in the Directors' Report on Remuneration.

- **Nomination Committee**
  Nicholas Smith
  Stephen Allcock
  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 Nicholas Smith 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 2009 was 21,662,389 (2008 - 26,875,150), representing 5.60% (2008 - 8.54%) 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
7,849,776	17.25p	18 01 2007	18 01 2010	17 01 2017
1,565,920	22.25p	13 04 2007	13 04 2010	12 04 2017
782,960	25p	11 05 2007	11 05 2010	10 05 2017
1,640,000	29.58p	21 06 2007	21 06 2010	20 06 2017
40,000	28.75p	29 06 2007	29 06 2010	28 06 2017
2,935,000	8.92p*	23 09 2008	23 09 2011	22 09 2018
210,000	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 2009 was as follows:

	2009 Salary/Fees £'000	**2009 Benefits £'000**	**2009 Total £'000**	2008 Salary/Fees £'000	2008 Benefits £'000	2008 Total £'000
A I Al Asfour (appointed 1 Oct 2009)	6	8	14	-	-	-
H S Al Otaibi (appointed 1 Oct 2009)	6	8	14	-	-	-
S J Allcock	26	-	26	30	-	30
S M Brickles	171	1	172	200	2	202
I G Salter (resigned 25 Sept 2009)	22	-	22	30	-	30
S J Hazell-Smith (resigned 8 Feb 2010)	32	-	32	37	-	37
N M N Smith	26	-	26	30	-	30
B A Taylor (resigned 30 Apr 2008)	-	-	-	73	-	73
C Théret	160	2	162	160	3	163
G E Vardey (resigned 25 Sept 2009)	22	-	22	30	-	30
N L Wynn-Evans	112	2	114	43	1	44
	583	21	604	633	6	639

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 twelve months' notice in writing.

Each of the Non-Executive Directors has a letter of appointment whereby their appointment will continue until determined by either party on one month's 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 2009
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

* 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.

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
25 March 2010

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 2009.

Principal Activities

The Company's sole activity is that of a holding company, owning 100% of PLUS Markets 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' market offering comprises:

Capital Markets

The exchange provides capital market services to issuers seeking a listing or quotation in London, as an international meeting place for companies and investors. It offers two markets, as follows:

- The PLUS-quoted market, which is an exchange-regulated market, meaning that admission and continuing obligations are set and administered by PLUS' own regulation function via, inter alia, the PLUS Rules for Issuers. The PLUS-quoted market is the second largest exchange growth market in Europe by number of companies quoted and it ranks in the top ten growth markets worldwide, attracting domestic and international growth companies.

- The PLUS-listed market, which is a fully listed market for established companies and the larger funds who seek admission to the Official List of the Financial Services Authority's UK Listing Authority, and at the same time admission to trading on PLUS.

Trading Services

The exchange offers a quote-driven trading platform, offering market makers the ability to display quotes (pre-trade), and market participants to report business transacted in accordance with the PLUS Trading Rules (post-trade). On the PLUS platform, the whole of the CESR list comprising some 7,500 stocks can be traded and reported, including all UK securities (including AIM) and European securities. 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.

Market Data Services

PLUS supplies real-time prices and trading data, generated by its trading services activity, which supports the transparency and liquidity of the Group's markets. Real-time regulated information feeds offer proprietary PLUS trading data, which are supplied direct to market participants and indirectly to end-users via vendor terminals.

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 2009 (2008 - nil).

Capital Structure

Details of the Company's share capital, including shares issued during the year, are shown in note 20.

Substantial Shareholdings

At 28 February 2010, the following shareholders were registered as holding three per cent or more of the issued share capital of the Company:

Close Securities Holdings	19.69%
Amara Dhari Investments	17.23%
Scottish Widows	6.48%

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". In accordance with the Company's Articles of Association, Messrs Al Asfour, Al Otaibi and Vardey will retire at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for reappointment. Mr Brickles is retiring by rotation and being eligible will offer himself for reappointment.

The Board has considered provision A.7.2 of the Combined Code 2006 and believes that Messrs Al Asfour, Al Otaibi, Vardey and Brickles 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.

The Directors of the Company (including connected persons) during the period and their interests (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued ordinary shares of 5p are shown in the table below:

Directors	Shareholding as at 31 Dec 08	Shareholding as at 31 Dec 09	Shareholding as at 28 Feb 10
A I Al Asfour (appointed 1 Oct 2009)	-	-	-
H S Al Otaibi (appointed 1 Oct 2009)	-	-	-
S J Allcock	1,442,857	1,442,857	1,442,857
S M Brickles	1,119,539	1,119,539	1,119,539
I G Salter (resigned 25 Sept 2009)	500,001	-	-
S J Hazell-Smith (resigned 8 Feb 2010)	2,064,286	2,064,286	-
N M N Smith	478,571	478,571	478,571
C Théret	271,428	271,428	271,428
G E Vardey (resigned 25 Sept 2009)	127,456	-	-
G E Vardey (appointed Chairman 8 Feb 2010)	-	-	127,456
N L Wynn-Evans	484,681	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 10 (2008 - 80). The large decrease in the number of days' purchases compared to 2008 is due to the fact that the quarterly Facilities Management and Service Agreement fee of £0.71 million including VAT (see note 21) was unpaid at 31 December 2008, whereas in 2009 it was paid before the year end.

Charitable and Political Contributions

No donations were made during the year for political purposes (2008 - nil). During the year the Group made no charitable donations (2008 – £2,600).

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, January 2007 and October 2009 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 21 May 2010 at 11.00 am is given on page 55.

Disclosure of Relevant Audit Information

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

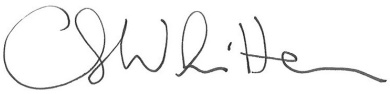
- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

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
25 March 2010

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent Company financial statements under IFRSs as adopted by the European Union. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, 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

Giles Vardey
Chairman
25 March 2010

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

We have audited the financial statements of PLUS Markets Group plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2009 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alan Chaudhuri (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
25 March 2010

Consolidated Income Statement

For the year ended 31 December 2009

	Note	**Year ended 31 December 2009 £'000**	Year ended 31 December 2008 £'000
Continuing Operations			
Revenue	5	3,038	3,247
Administrative expenses	6	(11,563)	(10,152)
Charge in relation to share-based payments	7	91	(453)
Loss before depreciation, amortisation and impairment charge		(8,434)	(7,358)
Depreciation and amortisation	14,15	(40)	(299)
Impairment of intangible fixed assets	11	-	(3,635)
Operating loss	9	**(8,474)**	**(11,292)**
Finance income	10	218	1,093
Loss on ordinary activities before taxation		(8,256)	(10,199)
Taxation	12	-	-
Loss for the period attributable to equity holders of the company		**(8,256)**	**(10,199)**
Loss per share			
Basic	13	(2.37)p	(3.24)p
Diluted	13	(2.33)p	(3.22)p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Year ended 31 December 2009	Year ended 31 December 2008
	£'000	£'000
Loss for the year	(8,256)	(10,199)
Total comprehensive loss for the year	**(8,256)**	**(10,199)**
Attributable to:		
Equity holders of the Company	**(8,256)**	**(10,199)**

Consolidated Balance Sheet
As at 31 December 2009

	Note	**31 December 2009**	31 December 2008
		£'000	£'000
Non-current assets			
Intangible assets	14	-	-
Property, plant and equipment	15	21	55
Available-for-sale investments	16	-	1
		21	56
Current assets			
Trade and other receivables	17	1,027	1,610
Cash and cash equivalents		10,744	14,831
		11,771	16,441
Total assets		11,792	16,497
Current liabilities			
Trade and other payables	18	(566)	(2,086)
Provisions	19	(177)	-
Deferred income		(56)	(84)
		(799)	(2,170)
Net current assets		**10,972**	**14,271**
Net assets		**10,993**	**14,327**
Equity			
Share capital	20	19,345	15,734
Share premium account		18,021	16,616
Retained earnings		(26,373)	(18,023)
Equity attributable to equity holders of the Company		**10,993**	**14,327**

Company registration number: 4606754

These financial statements were approved by the Board of Directors and authorised for issue on 25 March 2010.

Signed on behalf of the Board of Directors by

Giles Vardey
Chairman
25 March 2010

Company Balance Sheet

As at 31 December 2009

	Note	**31 December 2009 £'000**	31 December 2008 £'000
Non-current assets			
Investments in subsidiaries	16	1,736	510
		1,736	510
Current assets			
Trade and other receivables	17	726	211
Cash and cash equivalents		8,563	14,661
		9,289	14,872
Total assets		11,025	15,382
Current Liabilities			
Trade and other payables	18	(32)	(584)
		(32)	(584)
Net current assets		**9,257**	**14,288**
Net assets		**10,993**	**14,798**
Equity			
Share capital	20	19,345	15,734
Share premium account		18,021	16,616
Retained Earnings		(26,373)	(17,552)
Equity shareholders' funds		**10,993**	**14,798**

Company registration number: 4606754

These financial statements were approved by the Board of Directors and authorised for issue on 25 March 2010.

Signed on behalf of the Board of Directors by

Giles Vardey

Giles Vardey
Chairman
25 March 2010

Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Net loss from operating activities	**(8,474)**	**(11,292)**
Adjustments for non-cash items:		
Impairment of intangible assets	-	3,635
Amortisation of intangible assets	-	238
Depreciation of tangible assets	40	61
Profit on disposal of available-for-sale investment	(2)	-
Share-based payment charge	(91)	453
Operating cash flows before movements in working capital	(8,527)	(6,905)
Decrease/(increase) in trade and other receivables	583	(704)
(Decrease)/increase in trade and other payables	(1,371)	880
Net cash used in operating activities	**(9,315)**	**(6,729)**
Investing activities		
Interest received	218	1,093
Purchase of non-current assets	(6)	(539)
Net cash generated by investing activities	**212**	**554**
Financing activities		
Net proceeds from issue of equity shares by Placing and exercise of options	5,016	-
Net cash generated by financing activities	**5,016**	**-**
Net (decrease) in cash and cash equivalents	**(4,087)**	**(6,175)**
Cash and cash equivalents at beginning of year	**14,831**	**21,006**
Cash and cash equivalents at end of year	**10,744**	**14,831**

Company Cash Flow Statement
For the year ended 31 December 2009

	Year ended 31 December 2009	Year ended 31 December 2008
	£'000	£'000
Net loss from operating activities	**(9,036)**	**(10,309)**
Adjustments for non-cash items:		
Write down investment in Subsidiaries	8,774	10,220
Operating cash flows before movements in working capital	(262)	(89)
(Increase)/decrease in trade and other receivables	(515)	2,948
(Decrease)/increase in trade and other payables	(552)	474
Net cash (used in)/from operations	**(1,329)**	**3,333**
Investing activities		
Interest received	215	1,033
Investment in Subsidiaries	(10,000)	-
Net cash (used in)/generated by investing activities	**(9,785)**	**1,033**
Financing activities		
Net proceeds from issue of equity shares by Placing and exercise of options	5,016	-
Net cash generated by financing activities	**5,016**	**-**
Net (decrease)/increase in cash and cash equivalents	**(6,098)**	**4,366**
Cash and cash equivalents at beginning of year	**14,661**	**10,295**
Cash and cash equivalents at end of year	**8,563**	**14,661**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share Capital	Share Premium	Retained Earnings	Total
	£'000	£'000	£'000	£'000
Attributable to equity holders of the Company 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 Company at 31 December 2008	**15,734**	**16,616**	**(18,023)**	**14,327**
Attributable to equity holders of the Company at 1 January 2009	15,734	16,616	(18,023)	14,327
Retained earnings of dormant subsidiary disposed of in the year	-	-	(3)	(3)
Shares issued - options exercised	94	-	-	94
Shares issued - Placing 1 October 2009	3,517	1,405	-	4,922
Reversal of share-based payment charge	-	-	(91)	(91)
Loss for the year	-	-	(8,256)	(8,256)
Attributable to equity holders of the Company at 31 December 2009	**19,345**	**18,021**	**(26,373)**	**10,993**

Company Statement of Changes in Equity

For the year ended 31 December 2009

	Share Capital	Share Premium	Retained Earnings	Total
	£'000	£'000	£'000	£'000
Attributable to equity holders of the Company 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 Company at 31 December 2008	**15,734**	**16,616**	**(17,552)**	**14,798**
Attributable to equity holders of the Company at 1 January 2009	15,734	16,616	(17,552)	14,798
Shares issued - options exercised	94	-	-	94
Shares issued - Placing 1 October 2009	3,517	1,405	-	4,922
Write down value of wholly-owned subsidiary	-	-	(8,774)	(8,774)
Reversal of share-based payment charge	-	-	(91)	(91)
Profit for the year, excluding write-downs	-	-	44	44
Attributable to equity holders of the Company at 31 December 2009	**19,345**	**18,021**	**(26,373)**	**10,993**

Notes to the Financial Statements

Year ended 31 December 2009

1 General Information

PLUS Markets Group plc ('the Company') is a company incorporated in the United Kingdom under the Companies Act 2006. 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 subsidiary (together 'the Group') operate.

2 Adoption of New and Revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements:

Standards Affecting Presentation and Disclosure

- IAS 1 (revised 2007) – Presentation of Financial Statements
- IFRS 8 – Operating Segments
- Amendment to IFRS 7 – Financial Instruments: Disclosures

Standards Not Affecting the Reported Results nor the Financial Position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions and arrangements.

- Amendment to IAS 39 – Financial Instruments: Recognition and Measurement
- Amendment to IAS 38 – Intangible Assets
- Amendment to IAS 40 – Investment Property
- Amendment to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance
- Amendment to IFRS 2 – Share-based Payment – Vesting Conditions and Cancellations
- IAS 23 (revised 2007) – Borrowing Costs
- Amendment to IAS 32 – Financial Instruments: Presentation
- Amendment to IAS 1 – Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 18 – Transfers of Assets from Customers

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):

- IFRS 1 (amended)/ IAS 27 (amended) – Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
- IFRS 3 (revised 2008) – Business Combinations
- IAS 27 (revised 2008) – Consolidated and Separate Financial Statements
- IAS 28 (revised 2008) – Investments in Associates
- IFRIC 17 – Distributions of Non-cash Assets to Owners

2 Adoption of New and Revised Standards (continued)

The directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group.

3 Accounting Policies

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 31 December each year. 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.

No separate income statement and related notes are presented in respect of the parent company in accordance with section 408 of the Companies Act 2006. The loss for the financial year dealt with in the financial statements of the parent company was £8.73 million (2008 - £9.73 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.

3 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

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

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

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

Impairment of Tangible and Intangible Assets

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

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In

3 Accounting Policies (continued)

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
Computer equipment:	Three years
Leasehold improvements:	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 Company's 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.

Current 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

3 Accounting Policies (continued)

or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3 Accounting Policies (continued)

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 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

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 7.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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.

4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

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 Group undertakes an impairment review of its intangible assets by comparing their recoverable amounts with their carrying amounts.

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.

5 Business and Geographical Segments

Adoption of IFRS 8 – Operating Segments

The Group has adopted IFRS 8 – Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 – Segment Reporting) required the Group to identify two sets of segments (business and geographical), using a risks and returns approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

Services From Which Reportable Segments Derive Their Revenues

In prior years, segment information has not been reported externally on the basis that all activities undertaken by the Group's operating division were Regulated Financial Services principally sourced in the United Kingdom. However, information reported to the Group's Board for the purposes of resource requirements and assessment of segment performance is more specifically focussed on the type of activity. The principal areas of activity are:

- Capital Markets: provides services for the listing and admission to trading of equity, debt and other financial instruments. Revenues derive from application and annual fees for issuers and corporate advisers;
- Trading Services: operates a platform on which some 7,500 stocks can be traded and reported. No charge is currently made for these services; and
- Market Data Services: supplies real-time prices and trading data. Revenues flow from annual licence fees and monthly data terminal sales.
- Other Income: comprises advertising revenues, commissions and credit charges collected.

5 Business and Geographical Segments (continued)

Information regarding the Group's operating segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

	Year ended 31 December 2009	Year ended 31 December 2008
	£'000	£'000
Capital Markets	2,089	2,282
Trading Services	-	62
Market Data Services	868	843
Other Income	81	60
Total Revenue	3,038	3,247

Costs are not allocated across the revenue reporting segments in management information provided to the Board, nor is there any analysis by geographical region as the majority of business is sourced from the United Kingdom.

6 Administrative Expenses

Administrative expenses in 2009 include £2.81 million in respect of one-off costs in connection with the setting up of PLUS-Europe, legal costs and strategic initiatives. 2008 included £2.47 million in respect of the costs of PLUS-Europe, trading platform development costs after 30 June 2008, consultants on special projects and website redevelopment.

7 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.

7 Charge in Relation to Share-based Payments (continued)

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

	2009 No. of Share Options	Weighted Average Exercise Price	2008 No. of Share Options	Weighted Average Exercise Price
Outstanding at beginning of period	26,875,150	18.11p	23,715,150	19.64p
Granted during the period	-	-	3,490,000	8.84p
Forfeited during the period	(5,212,761)	17.10p	(330,000)	29.58p
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	21,662,389	18.36p	26,875,150	18.11p
Exercisable at the end of the period	6,638,733	19.64p	5,853,733	17.88p

No employee share options were exercised during 2009. The options outstanding at 31 December 2009 had a weighted average exercise price of 18.36p, and a weighted average remaining contractual life of 6.9 years.

No options were granted in 2009.

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 £57,878.

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

	2009	2008
Weighted average share price	-	18.60p
Weighted average exercise price	-	21.45p
Expected volatility	-	46%
Expected life	-	3.5 years
Risk-free rate	-	4.5%
Expected dividend yield	-	-

Expected volatility in 2008 was determined by reference to the historical volatility of the Company's share price over the previous two years, modified by the increased liquidity of ordinary shares following the Placing in January 2007. The expected life used in the valuation has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The risk-free rate is based on the average yield on gilts.

The 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 a total reverse charge of £91,347 relating to equity-settled share-based

7 Charge in Relation to Share-based Payments (continued)

payments in 2009 (2008 – expense of £453,258). The reversal was due to a large decrease in the number of options expected to vest as a result of the 5.2 million options terminated in the year.

On 1 June 2009 Numis Securities Limited exercised options over 1,890,000 shares in the Company which it had received as part of its remuneration in connection with a Placing they achieved for the Company in October 2004. The exercise price was £0.05, the same as the nominal value of the shares.

8 Information Regarding Directors and Employees

	2009 No.	2008 No.
The average number of persons employed by the Group (including Directors) during the year was:	52	50
	£'000	£'000
Aggregate staff costs during the year were:		
Wages and salaries	3,235	3,172
Social security costs	388	388
Other benefits	71	57
	3,694	3,617
Emoluments of the directors of the Group (which are included in the above figures) were as follows:	604	639
Highest paid Director's remuneration:		
Aggregate of emoluments	172	202

There were no pension scheme contributions on behalf of directors during the years 2009 or 2008.

9 Operating Loss

	2009 £'000	2008 £'000
The operating loss was arrived at after charging:		
Depreciation and amortisation	40	299
Impairment of intangible fixed assets	-	3,635
Operating lease costs	1,854	1,524
Auditors' remuneration:		
• audit fees (including £6,000 (2008 - £6,000) in respect of the parent)	22	22
• non-audit fees:		
interim review; and	7	7
tax services	14	14

10 Finance Income

	2009 **£'000**	2008 £'000
Interest on bank deposits	218	1,093
	218	1,093

11 Impairment of Intangible Fixed Assets

	2009 **£'000**	2008 £'000
Impairment of trading platform	-	2,876
Impairment of regulatory licences	-	759
	-	3,635

As described in the accounting policies in note 3 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 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.

As a result of the review performed at 31 December 2009 the Directors have decided to continue to carry the intangible assets at nil value and have not, therefore, reversed the impairment write down.

12 Tax on Loss on Ordinary Activities

	2009 £'000	2008 £'000
UK corporation tax at 28% (28.5%)	-	-
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% (2008 – 28.5%), for the reasons set out in the following reconciliation:

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	(8,256)	(10,199)
Tax on loss on ordinary activities at standard rate	2,312	2,907
Add/(less) tax effect of:		
Expenses not deductible for tax purposes	17	(471)
Depreciation in the current period in excess of capital allowances	(11)	(15)
Increase in tax losses carried forward	(2,328)	(2,421)
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 £4.3 million (2008 - £3.7 million). The asset would be recoverable if sufficient taxable profits are made in the future.

13 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.

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	(8,256)	(10,199)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	347,935,732	314,684,130
Effect of dilutive potential ordinary shares: Share options	6,341,938	2,502,899
Weighted average number of ordinary shares for the purposes of diluted loss per share	354,277,670	317,187,029
	Pence	Pence
Basic loss per share	(2.37)	(3.24)
Diluted loss per share	(2.33)	(3.22)

14 Intangible Fixed Assets

Group	Regulatory Licences £'000	Trading Platform £'000	Total £'000
2009			
Cost			
At 1 January 2009	759	3,258	4,017
Additions	-	-	-
At 31 December 2009	759	3,258	4,017
Accumulated Amortisation			
At 1 January 2009	759	3,258	4,017
Charge for the period	-	-	-
At 31 December 2009	759	3,258	4,017
Net Book Value			
At 31 December 2009	-	-	-
At 31 December 2008	-	-	-
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

15 Property, Plant and Equipment

Group	Furniture and Fittings £'000	Office Equipment £'000	Computer Equipment £'000	Leasehold Expenditure £'000	Total £'000
2009					
Cost					
At 1 January 2009	259	150	341	23	773
Additions	5	-	1	-	6
Fully depreciated written off	(213)	(144)	-	-	(357)
At 31 December 2009	51	6	342	23	422
Accumulated depreciation					
At 1 January 2009	248	149	312	9	718
Charge for the period	9	1	23	7	40
Fully depreciated written off	(213)	(144)	-	-	(357)
At 31 December 2009	44	6	335	16	401
Net book Value					
At 31 December 2009	7	-	7	7	21
At 31 December 2008	11	1	29	14	55
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

16 Fixed Asset Investments

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Listed available-for-sale investments at market value	-	1	-	-
Investment in PLUS Markets plc	-	-	1,736	510
	-	1	1,736	510

PLUS Markets plc is a wholly-owned subsidiary of PLUS Markets Group plc. Both companies are incorporated and registered in Great Britain. In 2009 the investment in PLUS Markets plc was increased by the issue of 100 million shares at 10p (2008 – nil) and written down by £8.77 million (2008 - £10.22 million) to reflect the operating loss in the subsidiary. Also in 2009 the wholly-owned, non-trading subsidiary, Kudosoption plc, was disposed of for a nominal sum.

17 Trade and Other Receivables

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade debtors	141	339	-	-
Prepayments	713	676	14	15
Other debtors	51	37	678	-
VAT recoverable	87	359	5	3
Accrued income	35	199	29	193
	1,027	1,610	726	211

Other debtors in the Company includes an intercompany loan of £0.68 million (2008 – creditor of £0.56 million) which is unlikely to be repayable within one year.

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

Total trade receivables held by the Group at 31 December 2009 amounted to £0.14 million (2008 - £0.34 million). The number of days' sales in trade debtors at the year end was 17 (2008 - 38). Trade debtors at the end of 2008 included one item of £0.18 million, in respect of a one-off application fee, which was collected on 13 January 2009.

17 Trade and Other Receivables (continued)

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Ageing of past due but not impaired				
30 - 60 Days past due	28	2	-	-
60 - 90 Days	1	4	-	-
90 - 120 Days	1	-	-	-
Total	30	6	-	-

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Movement in the allowance for doubtful debts				
Balance at the beginning of the period	-	30	-	-
Impairment losses recognised on receivables	140	47	-	-
Amounts written off as uncollectable	(123)	(69)	-	-
Amounts recovered during the year	(17)	(8)	-	-
Balance at end of the year	-	-	-	-

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 2009 (2008 - nil) where the customers have been placed under liquidation or administration.

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.

18 Trade and Other Payables

	Group 2009 £'000	Group 2008 £'000	**Company 2009 £'000**	Company 2008 £'000
Trade creditors	205	1,359	6	20
Other creditors	143	196	-	558
Accruals	218	531	26	6
	566	2,086	32	584

The number of days' purchases in trade creditors at the year end was 10 (2008 - 80) and all trade creditors are payable within 12 months. The large decrease in the number of days' purchases compared to 2008 is due to the fact that the quarterly Facilities Management and Service Agreement fee of £0.71 million including VAT (see note 21) was unpaid at 31 December 2008, whereas in 2009 it was paid before the year end.

19 Provisions

	Group 2009 £'000	Group 2008 £'000	**Company 2009 £'000**	Company 2008 £'000
Non-reclaimable VAT	177	-	-	-
	177	-	-	-

The provision for non-reclaimable VAT represents VAT claimed on developments to the trading platform to enable it to accommodate electronic matching of trades, which is an exempt supply for VAT purposes. The amount provided represents 100% of the VAT claimed and may be reduced by negotiation with HMRC. The negotiation process has commenced.

20 Share Capital

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Allotted and fully paid:				
386,907,464 (2008 - 314,684,130) Ordinary shares of 5p each	19,345	15,734	19,345	15,734

The total number of share options outstanding under the PLUS Markets Plans at 31 December 2009 was 21,662,389 (2008 - 26,875,150).

During the year 70,333,334 new ordinary shares at 7.5p each (2008 - nil) were issued as result of the Placing in October. £0.35 million of expenses in connection with the Placing have been written off against the share premium account. Furthermore, 1,890,000 shares with an exercise price of 5p (2008 - nil) were issued as a result of share options exercised by Numis.

21 Commitments

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

i 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.

ii 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 22.

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 2009 £'000		Group 2008 £'000		Company 2009 £'000		Company 2008 £'000	
	Land & Buildings	Technology Services	Land & Buildings	Technology Services	Land & Buildings	Technology Services	Land & Buildings	Technology Services
Within one year	99	1,793	99	1,815	-	-	-	-
In the second to fifth year	308	3,311	379	5,148	-	-	-	-
After five years	-	-	-	-	-	-	-	-

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.

22 Contingent Liabilities

In the Facilities Management Services Agreement agreed between PLUS Markets plc and OMX Technology Limited, as outlined in note 21, 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.

23 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.

	2009 £'000	2008 £'000
Short-term employee benefits	604	641
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	103
	604	744

There were no loans or quasi-loans with any related parties other than the intercompany loan of £0.68 million (2008 - £0.56 million) which was eliminated on consolidation.

24 Post Balance Sheet Events

On 8 February 2010 the Board announced a number of board changes. These are intended to enhance the company's ongoing development plans, building on its present foundations and its expertise in trading and listing of small and mid-cap companies.

Stephen Hazell-Smith stepped down as Non-Executive Chairman and was replaced by Giles Vardey. The new executive role of Vice Chairman, with a focus on PLUS Markets' international activity, particularly in the Middle East, was created for Simon Brickles, previously Chief Executive Officer. This appointment took effect from 15 February 2010. Cyril Théret, Business Development Director since 2007, became Chief Executive Officer with effect from that date.

25 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 note 20 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 18 and the provision for repayment of non-reclaimable VAT shown in note 19.

26 Externally Imposed Regulatory Requirements

As a Recognised Investment Exchange (RIE) 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 regular basis. As at the Balance Sheet date the Company is in a healthy position with regard to both metrics.

As an RIE, PLUS Markets is obliged to maintain at least 150% of six months' expenses in cash resources and a figure of £5.64 million has been reported to the FSA as at 31 December 2009.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of PLUS Markets Group plc will be held at the offices of Field Fisher Waterhouse, 35 Vine Street, London EC3N 2PX on 21 May 2010 at 11.00 am, for the following purposes:

Ordinary Business

Resolution 1

To receive, consider and adopt the financial statements for the year to 31 December 2009 and the Directors' and Auditors' reports thereon;

Resolution 2

To approve the Directors' Remuneration Report;

Resolution 3

To re-appoint Ahmed Al Asfour as a Director;

Resolution 4

To re-appoint Hisham Al Otaibi as a Director;

Resolution 5

To re-appoint Giles Vardey as a Director;

Resolution 6

To re-appoint Simon Brickles as a Director;

Resolution 7

To re-appoint Deloitte LLP as auditors of the Company and to authorise the Directors to determine their remuneration;

By Order of the Board

Celia L Whitten FCIS
Company Secretary
25 March 2010

NOTES

(a) A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.

(b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 48 hours before the time the Annual General Meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the Annual General Meeting.

(c) Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the Ordinary shares of the Company kept in accordance with the Listing Rules Articles of Association 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 at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion.

Proxy Form

PLUS Markets Group plc
Annual General Meeting – 21 May 2010.

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 21 May 2010, notice of which was sent to shareholders with the Directors' Report and the accounts for the year to 31 December 2009, 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 2009			
2	To approve the Directors' Remuneration Report			
3	To re-appoint Ahmed Al Asfour as a Director			
4	To re-appoint Hisham Al Otaibi as a Director			
5	To re-appoint Giles Vardey as a Director			
6	To re-appoint Simon Brickles as a Director			
7	To re-appoint Deloitte LLP as auditors and authorise the Directors to agree their remuneration			

Signed: Dated: 2010

NOTES

1 To be valid, the proxy form must be received by the Registrars of PLUS Markets Group plc at, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours before the commencement of the meeting. If delivering 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 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 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 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, lines are open 8.30 a.m. - 5.30 p.m. Monday - Friday) 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