PLUS MARKETS GROUP PLC
ANNUAL REPORT 2011

Contents

Chairman’s Statement

Dear Shareholder,

I took on the role of Interim Chairman on 10 November 2011, following the decision of the previous Chairman, Giles Vardey, to step down for personal reasons and I would like to thank Mr Vardey for his years of service. The Group initiated a search for a new permanent Chairman, however, in January the Board requested that I remain as Interim Chairman until a partner and or purchaser was sought to secure the ongoing financial position of the Company.

FINANCIAL PERFORMANCE

The financial performance of the Group for 2011 reflects a slight decline in revenues, standing at £2.91 million (2010: £3.05 million), due to the core business of PLUS-SX continuing to suffer from a depressed climate for all small cap markets. This was against a full year of significantly reduced annual operating costs at £5.48 million (2010: £9.04 million), with a loss before tax of £2.56 million (2010: £5.67 million). The Group is reporting a basic loss per share of 0.66p, down from a loss of 1.46p in 2010. The Group has also placed great emphasis on conserving its cash and bank balances, but these continued to decline ahead of new revenues coming on stream, and stood at £2.38 million at the year end.

REVIEW OF 2011

A review of the Group’s performance in 2011 must be set against the background of an extremely challenging financial and economic climate. The Board decided, subsequent to the balance sheet date, to conduct a formal sale process for the Group including seeking prospective investment from strategic investors. Subsequently it announced its intention to commence a process of orderly closure, and finally to recommend a proposed disposal to shareholders.

Following the outcome of a strategic review conducted in 2010, the Group achieved its target operational cost base of £5.5 million by the start of 2011. As a Recognised Investment Exchange (“RIE”), the Group has to maintain a core functionality, which comprises appropriate Corporate Governance arrangements and technology and market regulation functions, in order to comply with its Recognition Requirements as set out by the Financial Services Authority (“FSA”). The costs associated with these functions account for circa 90% of the existing cost base. Any further reductions in these functions would have compromised the Group’s ability to meet the Recognition Requirements and regulate its markets in a suitable and orderly fashion.

At the same time, the Group’s industry has been in a state of economic and regulatory flux, as outlined at the time of the strategic review. Nevertheless, the team identified two new initiatives – which became PLUS Derivatives Exchange Limited (“PLUS-DX”) and PLUS Trading Solutions Limited (“PLUS-TS”) - in order to leverage existing staff and infrastructure.

During 2011, PLUS-DX entered into Heads of Terms with LCH.Clearnet Ltd, a Recognised Clearing House, and received FSA authorisation to provide cleared OTC trading in the Swap Index Contract product. At the same time, the Group continued to pursue its intention to launch a new lit book, culminating in the announcement in September of the establishment of PLUS Trading Solutions. However the Group was unable to derive any additional income by the year-end from either initiative.

CURRENT POSITION

Subsequent to the balance sheet date, the Group continued to receive commercial interest in PLUS-TS but, in the context of the Formal Sale Process, the Group was unable to convert this interest into revenue. As a result of the poor trading conditions in PLUS-SX and the lack of new revenues from PLUS-TS and PLUS-DX, the Board announced on 3 February 2012 that it had come to the conclusion that, while the Group was well positioned strategically to exploit the opportunities offered by significant changes in the regulatory and technical environment, it recognised that scale and international reach would become increasingly relevant for interaction with exchanges, investment banks and other trading entities.

It therefore decided to appoint additional specialist advisers and commence a Formal Sale process The objective would be to seek a partner to help its operations achieve the scale and reach required to maximise value to shareholders while, importantly, securing the ongoing financial position of PLUS and the continued running of its subsidiary operations.

The Board subsequently announced on 14 May 2012 that, due to the ongoing operating costs of its business in the context of both the Formal Sale Process and its regulatory status, the Group's cash balance had reached a level at which the Board was obliged, under the FSA Rules, to inform the FSA that it intended to commence a process of orderly closure. In consultation with the FSA and in the absence of an imminent proposal to effect a change of control likely to be agreed by the FSA to operate the RIE, the regulated activities undertaken by the Group, which includes the operation of the RIE, are being wound down over a period of up to six months in order to minimise market disruption.

During the orderly closure process, the Board continued to explore all possible avenues to preserve remaining shareholder value, if any, including any offers to acquire the Group's remaining assets. As a consequence of entering into the orderly closure process, the Board announced on 18 May 2012 that, subject to the satisfaction of certain conditions, the Directors had agreed to proceed with the disposal of PLUS-SX to ICAP Holdings Limited, a subsidiary of ICAP plc ("ICAP").

This would constitute a change of control of the RIE under the Financial Services and Markets Act 2000 ("FSMA") and require ICAP to obtain agreement from the FSA prior to completion of the transaction. It also is classified as a disposal resulting in a fundamental change of business under the AIM Rules for Companies and is subject to shareholder approval at a general meeting.

A circular has been sent to shareholders in connection with this proposed disposal and a General Meeting has been convened on 18 June 2012. The Board unanimously recommends that shareholders vote in favour of the disposal at this General Meeting. This meeting falls between the dispatch of these accounts to the shareholders and the Annual General Meeting, convened for 29 June 2012.

Malcolm Basing
Interim Non-Executive Chairman
1 June 2012

Chief Executive's Review

Following my appointment as CEO in February 2010, the Group implemented a clear strategy of cost reduction to achieve a stable base from which to drive stakeholder value. During 2011 the Group focused on growing existing, and seeking new, lines of revenues. Our strategy has been to transform all operational units of the Group into revenue generating business units, whilst continuing to operate our core small and mid cap market.

We attempted to deliver this strategy in very difficult circumstances, being both loss making and highly regulated in a publicly quoted environment. Sadly, we have not been able to realise fully a successful turnaround and achieve these new revenue streams in sufficient time to avoid having to take the decisions as outlined by the Chairman above.

In the meantime PLUS-SX continued to suffer from losses. A revenue gap of £2.6 million (between revenues from the core small and mid cap market of £2.9 million and a cost base of £5.5 million) could not be matched by new listings on this market alone. An additional 133 new listings would have been required to break-even, as against 18 actual new admissions in 2011. This has to be viewed in the context of UK small and mid cap markets having suffered a net decline in the number of listings, with the UK Official List down by 51% since 2007, AIM down by 68% and the PLUS Growth Market down by 65% in the same period.

The Board is therefore recommending the sale of PLUS-SX in order to be able to preserve some, albeit very limited, shareholder value. With the RIE licence leaving the Group, assuming the relevant FSA approval, the prospects for both PLUS-TS and PLUS-DX are greatly diminished. The Board has further considered its duties to other stakeholders, and particularly the PLUS Growth Market, for which it is pleased to propose to shareholders a home within ICAP, a well-capitalised UK institution with global reach, that the Board believes will improve its future prospects.

Cyril Théret
Chief Executive Officer
1 June 2012

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.

Operating Review

Operational and regulatory environment

The Group continued to operate in a particularly challenging environment. The market for Initial Public Offerings (“IPOs”) remained depressed and small cap markets particularly suffered, as was well documented in the press and experienced by all other exchange operators. There was also increased competition from private equity, resulting in an increasing number of companies choosing to de-list from PLUS SX or not attempting an IPO at all.

It was noted at the time of the Group’s interim results for the six months to June 2011, that during the year traditional exchanges were all involved in M&A activity to maintain their revenues under depressed market conditions. While consolidation was their only response to increased competition from new trading venues and increased regulation, many of the newer trading venues, which have had several tens of millions of pounds invested in them, were struggling to reach breakeven. This indicates that, despite achieving significant market shares in their chosen segments, their business models are not ultimately scalable.

Regulatory uncertainty continued. In early 2011 following technical advice and recommendations by European Securities & Markets Authority (ESMA) the previous year, the European Commission (EC) consulted on proposed amendments to the Markets in Financial Instruments Directive (MiFID). Following responses from market participants and individual member state regulators, the EC delayed publication of its legislative proposal until October 2011. The EC has subsequently published a proposal for a directive amending MiFID as well as a regulation, Markets in Financial Instruments Regulation (MiFIR), which will introduce harmonising measures to ensure consistency across European member states. The proposals are being considered by the European Parliament and the Council which expects to adopt these measures later this year with implementation in 2014/early 2015.

Key Performance Indicators

Capital Markets

At the year end, 148 companies were admitted to trading on the PLUS Growth Market (down from 161 at end of 2010). The total market capitalisation of PLUS issuers at year end was £2.60 billion, similar to 2010.

Issuers continued to leave our market, 31 leaving in 2011 (35 in 2010). However the low level of new admissions (21 of which 3 came via reverse takeover of existing issuers on PLUS) reflects the on-going difficulty for companies to attract investor support for small companies IPOs.

PLUS companies raised £38.0 million from new and further issues during the year, which remains at the low end of past experience (£25.3 million in 2010). However, equity trading in PLUS issuers was £112,768,516 by value and 1,112,378,171 by number of trades.

Trading Services

The Group announced its intention in September 2011 to cease its retail trading activities with effect from the start of 2012, as it did not generate any direct revenues.

Market data services

At the year end, there were 1,912 professional and retail users accessing PLUS real-time data via seven market data vendors. Demand for our real-time data remained stable despite adverse economic conditions affecting our core users.

Financial Review

Income

Revenues stood at £2.91 million (2010 - £3.05 million), reflecting the lack of growth in our current business. All of the Group's revenues during 2011 were generated by the PLUS-SX, with the majority coming from Capital Markets and from the sale of real time data.

- *Capital markets*

Capital Markets revenue amounted to £1.97 million (2010 - £2.05 million), representing application and annual fees from issuers on the exchange's primary markets, and application and annual fees from PLUS Corporate Advisers.

- *Market data services*

The sale of real-time PLUS-SX data generated annual income of £0.87 million (2010 - £0.95 million).

Expenses

Operational and administrative expenses amounted to £5.48 million (2010 - £9.04 million), representing a full year of operating on the Group’s target reduced cost base.

Loss for the year

The loss before depreciation, amortisation, interest received and interest payable was £2.58 million (2010 - £5.78 million). The operating loss was £2.61 million (2010 - £5.79 million).

Balance Sheet

The Group's net assets stood at £2.56 million as at the balance sheet date of 31 December 2011 (2010 - £5.11 million), reflecting the continuing losses of the Group. The Group has no debt.

Cash Flow and Banking Policy

As at the year end, from a regulatory perspective, the Group had £2.38 million of cash and bank balances on its balance sheet (2010 - £5.89 million). The average return on funds achieved over the year was 1.26% (2010 - 1.62%).

Finance income contributed £0.06 million (2010 - £0.13 million). The Group has maintained a diversification policy in respect of its cash deposits, using the banking services of Close Brothers plc (on an arm's length basis), Bank of Scotland 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 Chief Risk & Compliance Officer and Regulatory Team.

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:

- strategic, financial and regulatory risk;
- policy environment;
- operational risk; and
- competitor risk.

Strategic, financial and regulatory risk

Through its Regulatory and Compliance functions, PLUS carefully monitors all actual and potentially relevant regulatory changes which may impact upon the firm’s ability to operate as a Recognised Investment Exchange. PLUS recently submitted a response to the European Commission’s MiFID Review (commonly known as MiFID II).

PLUS-SX 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. The Group has a framework of policies, procedures, and controls in place to prevent the occurrence of any such failings.

PLUS is required to maintain a level of regulatory capital and monitors this closely. This involves, inter alia, measuring on a monthly basis the Group’s compliance with its Financial Resource Requirement and calculation of its Orderly Cost of Closure, which is reported to and reviewed by both the Board and the Financial Services Authority. As a result of this monitoring a number of decisions about its strategic future have been made as set out in the Post Balance Sheet Events note below.

Policy environment

The continued hostile regulatory and policy formation environment negatively impacts on PLUS 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. In addition, PLUS has been implementing a series of enhancements to the PLUS Growth Market offering to attract new listings and investors to its market.

Operational risk

As in all companies, PLUS is exposed to day-to-day operational risk which can threaten the operation of the company. PLUS have systems and controls in place to ensure that operational risks are regularly reviewed and quantified where possible. PLUS has in place an internal Risk Committee who work alongside the Chief Risk & Compliance Officer to ensure operational risks are identified, controlled or avoided as necessary.

The Chief Risk and Compliance officer for the Group has undertaken a full review of operational risk management in conjunction with Grant Thornton. Following the review, the Group worked alongside Grant Thornton to create a new operational risk framework which has now been implemented. The operational risk framework uses up-to-date methodologies to analyse, manage and monitor operational risks within the business as well as identifying risk controls and indicators signalling potential risks facing the business. Management and staff at the Group have all contributed to the operational risk review process and are kept involved on an ongoing basis to ensure an operational risk management culture exists throughout all areas of the business.

Competitor risk

In each of PLUS's areas of activity, it operates in highly competitive markets. PLUS's existing market share could be eroded by competitors if it fails to introduce new products and services. In response to this threat PLUS has been working on a number of alternative revenue streams, as mentioned elsewhere.

During 2011, other exchanges have been involved in corporate activity to maintain their revenues under depressed market conditions, while consolidation has been their response to increased competition from new trading venues and increased regulation.

Post Balance Sheet Events

On 3 February 2012, the Board of Directors announced its belief that the Company was well positioned strategically to exploit commercially the opportunities offered by significant changes in the regulatory and technological environment. It also recognised that scale and international reach will become increasingly relevant for interaction with exchanges, investment banks and other trading entities. The Board believed that it was in the best interests of the Company to seek a partner which would help it achieve the scale and reach required to maximise value to stakeholders. The Board had therefore decided to conduct a Formal Sale Process in order to identify appropriate potential partners for the Company or major strategic investors.

On 14 May 2012, the Board announced it had terminated the Formal Sale Process. The primary objectives of the Board were to protect the interests of the shareholders of the Company by securing the reputation and continuity of the RIE, providing an ongoing trading platform for its existing listed and quoted companies, and by seeking to maximise the value retained or received by shareholders in respect of the Company. During the process, the Board had considered various options available to it including potential offers for the Company, offers of funding through a placing for shares in the Company, the injection of capital into a subsidiary company, the sale of certain assets of the Company and loan financing. Discussions were held with a number of parties including major international stock exchanges and trading platforms, inter dealer brokers, technology providers, private equity and other wealth funds. However, none of the parties had been able to progress matters to a position whereby either the parties or the Board, in conjunction with its advisers, were satisfied as to the deliverability to completion of any proposed transaction.

The Board therefore informed shareholders, on 14 May 2012, that due to the ongoing operating costs of its business in the context of its regulatory status, the Group's cash balance had reached a level at which the Board had informed the FSA that it intended to commence a process of orderly closure. In consultation with the FSA, the regulated activities undertaken by the Group, which include the operation of the RIE, would be wound down over a period of up to six months in order to minimise market disruption. During the winding-down process, the Board have continued to explore all possible avenues to preserve remaining shareholder value, including any offers for the Company's remaining assets. The Board will then consider what steps to take to return residual value, if any, to shareholders.

On 18 May 2012, the Board announced it had entered into an agreement with ICAP Holdings Limited ("ICAP"), whereby ICAP will acquire the entire issued share capital of the Group's wholly-owned subsidiary, PLUS-SX the cash equities recognised investment exchange ("RIE") on a cash-free, debt-free basis for a nominal cash amount of £1 (the "Proposed Transaction"). PLUS-SX remains a loss making business. The disposal will, therefore, help both the Group preserve remaining shareholder value and protect the reputation and continuity of the RIE for its existing listed and quoted companies.

The Proposed Transaction is subject to shareholder approval and also constitutes a change of control of the RIE under the Financial Services and Markets Act 2000 ("FSMA"), requiring ICAP to obtain agreement from the Financial Services Authority prior to the completion of the Proposed Transaction. Furthermore, the Proposed Transaction will be classified as a disposal resulting in a fundamental change of business under the AIM Rules for Companies and is be subject to shareholder approval at a general meeting.

A circular setting out the details of the Proposed Transaction (the "Circular") has been prepared and posted to PLUS shareholders, along with a notice of general meeting of shareholders, which is scheduled to take place on 18 June 2012. The Board will also continue to evaluate the options available to it in respect of either returning residual value, if any, to shareholders or converting the Group into an investing company under the AIM Rules.

In the event that the Proposed Transaction does not complete before 22 June 2012, for whatever reason, the Board has consented to the FSA revoking the Recognition Order conferring the status of a Recognised Investment Exchange on PLUS-SX. The Group continues to have discussions with a limited number of interested parties that may lead to the disposal of one, or both, of its other subsidiary companies, PLUS-TS and PLUS-DX and should for whatever reason, the discussions break down, both PLUS-TS and PLUS-DX will be wound down. There is material uncertainty of the future of these subsidiaries, owing to the fact that as at the date of these accounts, no disposals have been completed.

Going Concern

As explained in Note 22, Post Balance Sheet Events, the Board informed shareholders on 14 May 2012 that due to the ongoing operating costs of its business in the context of its regulatory status, the Group's cash balance had reached a level at which the Board had informed the Financial Services Authority that in order to continue to satisfy its regulatory requirements, it would commence a process of orderly closure. The Directors anticipate this will take up to six months from the date of announcement. The financial statements have, therefore, been prepared on a basis other than that of a going concern.

Since it became a Recognised Investment Exchange, the Group has been required to calculate on a regular basis its orderly cost of closure, which equates to the ability for the Group to be able to run its regulated operations for the period of the wind down, to provide time for its market participants including issuers to find alternative arrangements. This means that the Group has to maintain, as a minimum, sufficient non-discretionary funding to ensure the ongoing operation of its regulated activities for the period of the wind down, and to terminate its business on a solvent basis. The financial statements do not include any provision for the future costs of operating and terminating the business.

Nemone Wynn-Evans
Chief Financial Officer
1 June 2012

Board of Directors and Advisers

Cyril Théret (41)

Chief Executive Officer
(from 15 February 2010)

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 (37)

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 (57)

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.

Malcom Basing (55) *

Independent Non-Executive Director and Interim Chairman
(from 29 November 2010/Interim Chairman from 10 November 2011)

Malcolm has over 30 years' of senior management experience in investment banking and financial markets. Recently he has been Chairman of Primus Guaranty (UK) Ltd, specialising in derivative risk management and fund management. Prior to this, he served in a range of senior management, marketing and trading positions at leading global financial institutions in the UK and North America, including as Chief Operating Officer of UBS Americas. He is a former Director and Chairman of the International Swaps and Derivatives Association (ISDA) and also served as Development Director and Trustee of the City Disputes Panel. He holds an MA from Sidney Sussex College, Cambridge.

Following the resignation of Giles Vardey in November 2011 Mr Basing took on the role of Interim Chairman and continues in that role at the date of this report.

Nicholas Smith (60)*

Independent Non-Executive Director

(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., Japan Opportunities Fund II Limited and Schroder Asia Pacific Fund plc.

Changes to the Board during 2011

Hisham S Al Otaibi resigned as a Non-Executive Director of the Company with effect from 17 October 2011 and Giles Vardey resigned as Non-Executive Chairman with effect from 10 November 2011.

* Member of the Audit, Remuneration and Nomination Committees

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

Capita Company Secretarial Services Limited, Ibex House, 42-47 Minories, London, EC3N 6DX

Nominated Adviser and Broker

Nplus1 Brewin LLP, 12 Smithfield Street, London EC1A 9BD

Auditor

Deloitte LLP

Solicitors

S J Berwin LLP, 10 Queen Street Place, London EC4R 1BE

Bankers

Bank of Scotland Plc, Corporate Banking, Level 2, Pentland House, 8 Lochside Avenue, Edinburgh EH12 9DJ and 155 Bishopsgate, London EC2M 3YB

Close Brothers Limited, 10 Crown Place, London EC2A 4FT

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

Registered Office and Registration Number

PLUS Markets Group plc is a company registered in England and Wales, registration number 4606754, with its registered office at 33 Queen Street, London, EC4R 1BR.

Corporate Governance

Compliance with the UK Corporate Governance Code

Compliance with the UK Corporate Governance Code (the "Code") 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 Code and complying with provisions where it considers they are appropriate to a company of its size and nature.

Board of Directors and Board Committees

The Board of Directors, which currently comprises two Executive Directors and three Non-Executive Directors, is responsible for corporate governance. The role of the Non-Executive Directors is to bring independent judgement to Board discussions and decisions.

The Board meets at least twelve times a year 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 and strategy from the Chief Executive Officer and financial information on the Company from the Chief Financial Officer. The Director 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.

The table below outlines the number of Board and Committee meetings each Director attended during the year, against the number they were eligible to attend.

Meetings	Board		Audit		Remuneration		Nomination	
	Held during appointment	Attended	Held during appointment	Attended	Held during appointment	Attended	Held during appointment	Attended
Giles Vardey (resigned 11 Nov 2011)	14	14	n/a	n/a	n/a	n/a	n/a	n/a
Ahmed Al Asfour	16	4	n/a	n/a	n/a	n/a	n/a	n/a
Hisham Al Otaibi (resigned 21 Oct 2011)	12	3	n/a	n/a	n/a	n/a	n/a	n/a
Malcolm Basing	16	16	2	2	2	1	2	2
Nicholas Smith	16	15	2	2	2	2	2	2
Cyril Théret	16	16	n/a	n/a	n/a	n/a	n/a	n/a
Nemone Wynn-Evans	16	14	n/a	n/a	n/a	n/a	n/a	n/a

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

- **Audit Committee**

Nicholas Smith (Chairman)
Malcolm Basing
The Audit Committee deals with matters relating to audit, financial reporting and internal control systems. The Committee meets at least twice a year to review the half year and full year results prior to their submission to the Board. A representative of the Company's auditor, the Chief Financial Officer and Chief Executive Officer may also attend by invitation.

It is the responsibility of the Audit Committee to monitor and evaluate the performance and independence of the statutory auditor. In assessing the auditor's independence, the Committee will be mindful of the non-audit services provided by the auditor and the fees paid in respect of such services (details of which can be found in note 8 to the accounts) and the auditor would not be awarded work in respect of any services that might be deemed to threaten, or potentially threaten, their independence.

- **Remuneration Committee**

Nicholas Smith (Chairman)
Malcolm Basing
Details of the work of the Remuneration Committee are set out in the Directors' Report on Remuneration. Upon Malcolm Basing becoming Interim Chairman on 10 November 2011, Nicholas Smith took over the role of Chairman of the Remuneration Committee.

- **Nomination Committee**

Nicholas Smith
Malcolm Basing
The Nomination Committee meets as necessary to make recommendations to the Board on new Board appointments and to consider executive and Board succession planning. Defined terms of reference have been drawn up for its operation.

The Nomination Committee met on two occasions in 2011. In the first instance the Committee met to discuss succession planning in relation to the role of Chairman. Following the resignations of Hisham Al Otaibi in October 2011 and Giles Vardey in November 2011, the Committee also met to discuss the need to appoint a replacement Non-Executive Director and a a replacement Chairman, following the adoption of the role by Malcolm Basing on an interim basis.

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 technology 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 Group 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 Group'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 Group's control framework include:

- Organisational structure: There is a clear Organisational structure within which individual responsibilities are identified and can be monitored. The Group 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 Chief Risk and Compliance Officer to independently measure, monitor and manage risk;
- Internal Audit: Headline risks identified in the risk assessment process are subject to internal audit which is undertaken by the Chief Risk and Compliance Officer. Internal audit findings are presented to the Audit Committee ahead of the Board meetings;
- Delegation of authority: Executive Directors have general responsibility for making and implementing operational decisions and for overseeing the Group'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, including risk management and internal audit are set out in departmental manuals. These are reviewed and updated in line with changing business needs; and
- 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 Malcolm Basing and Nicholas Smith. Malcolm Basing was Chairman of the Committee until 10 November 2011, when he was appointed Interim Chairman, at which time Nicholas Smith took over this role. 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 UK Corporate Governance 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 EMI Share Option Plan (the 'EMI Plan') and PLUS Markets Unapproved Share Option Plan (the ‘Unapproved Plan’).

The PLUS Markets EMI Share Option Plan (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 2011 was 16,499,886 (2010 – 8,505,498), Details were as follows:

Number of Share Options	Exercise Price	Grant Date	Earliest Exercise Date	Expiry Date
11,601,620	0.05p	21 01 2011	21 01 2014	21 01 2021
130,000	7.63p*	10 10 2008	10 10 2011	09 10 2018
100,000	7.25p	17 03 2005	17 03 2008	16 03 2015
2,849,738	17.25p	18 01 2007	18 01 2010	17 01 2017
288,605	24.125p	16 12 2005	16 12 2008	16 12 2015
450,000	32.75p	18 05 2006	18 05 2009	17 05 2016
201,178	24.125p	16 12 2005	16 12 2008	15 12 2015
495,785	8.92p	23 09 2008	23 09 2011	22 09 2018
382,960	25.00p	11 05 2007	11 05 2010	11 05 2017

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

On 21 January 2011 all of the existing EMI options except for those issued to staff with an exercise price of less than 8.0p were cancelled and new options were issued by a new EMI scheme. Options issued under the new scheme are exercisable from 21 January 2014 to 20 January 2021 at an exercise price of 5.0p, subject to a minimum share price at the exercise date of 7.5p. A total of 12,171,100 options were issued.

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 2011
C Théret	21 01 2011	21 01 2014	21 01 2021	0.05p	2,400,000	2,400,000
	16 12 2005	16 12 2008	16 12 2015	24.125p	288,605	278,605
	18 05 2006	18 05 2009	17 05 2016	32.75p	450,000	450,000
	18 01 2007	18 01 2010	17 01 2017	17.25p	1,557,449	1,557,449
N L Wynn-Evans	21 01 2011	21 01 2014	21 01 2021	0.05p	2,400,000	2,400,000
	16 12 2005	16 12 2008	15 12 2015	24.125p	201,178	201,178
	18 01 2007	18 01 2010	18 01 2010	17.25p	1,292,289	1,292,289
	23 09 2008	23 09 2011	23 09 2011	8.92p	495,785	495,785

The options granted to 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 were varied during the year.

On 21 January 2011 all of the EMI scheme options held by Cyril Théret and Nemone Wynn-Evans were cancelled. They each received 2,400,000 new EMI options with an exercise price of 5.0p, subject to a performance condition of 7.5p and exercisable between 21 January 2014 and 20 January 2021.

Directors' Remuneration

The remuneration of the directors for the year ended 31 December 2011 was as follows:

	2011			2010		
	Salary/ Fees	**Benefits**	**Total**	Salary/ Fees	Benefits	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
A I Al Asfour	28	32	60	63	24	87
H S Al Otaibi (resigned 21 October 2011)	23	11	34	50	16	66
S J Allcock (resigned 14 September 2010)	-	-	-	21	-	21
M Basing (appointed 29 November 2010)	35	-	35	3	-	3
S M Brickles * (resigned 14 September 2010)	-	-	-	91	1	92
S J Hazell-Smith (resigned 8 February 2010)	-	-	-	7	-	7
N M N Smith	33	-	33	32	-	32
C Théret	163	-	163	160	1	161
G E Vardey **(appointed 8 February 2010)	136	-	136	106	-	106
N L Wynn-Evans	125	-	125	125	1	126
	543	43	586	658	43	701

*Simon Brickles' remuneration includes an ex-gratia termination payment of £35,000.

** The amount paid to Giles Vardey during 2011 includes payment in respect of a 3 month contractual notice period, as set out in his letter of appointment and a payment equivalent to an additional 3 month's fees in respect of a consultancy agreement.

During the year Nicholas Smith, being the sole independent Committee member on the matter, met with the Executive Directors to discuss the fee paid to Malcolm Basing. Upon agreement with the Executive Directors and on the recommendation of Mr Smith, the Board agreed that Mr Basing's fee be increased from £30,000 per annum to £60,000 per annum with effect from 1 December 2011, in order to reflect the additional responsibilities and time commitment required from Mr Basing whilst fulfilling the role of interim chairman.

Service Agreements and Letters of Appointment

Cyril Théret and Nemone Wynn-Evans have service agreements with the Group which may be terminated by either party giving to the other not less than twelve months' notice in writing. Following the negotiation of settlement agreements in May 2012, payments amounting to an aggregate amount of £423,000 will be payable to the Executive Directors by way of compensation for termination of their employment and damages for breach of enhanced notice entitlements, which apply following a change of control of PLUS-SX and which will be invoked by the proposed disposal of PLUS-SX, together with employer's national insurance contributions attributable to such settlement costs of up to £58,500. The terms of settlement are as follows: (i) each Executive Director shall continue working for the Company for 6 months from 31 May 2012, following which their employment shall terminate; (ii) each director shall be entitled to receive a payment equal to six months' salary following completion of the proposed disposal of PLUS-SX; and (iii) a further payment of approximately six months' salary will payable following the termination of the Executive Directors' employment.

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.

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
Capita Company Secretarial Services Limited

1 June 2012

Directors' Report

The directors present their Annual Report to shareholders, together with the audited financial statements for the year ended 31 December 2011.

Principal Activities

The Company's principal activity is as a holding company for PLUS Stock Exchange plc (formerly PLUS Markets plc)("PLUS-SX"), PLUS Derivatives Exchange Limited ("PLUS-DX")and PLUS Trading Solutions Limited ("PLUS-TS").

Capital Markets

PLUS-SX 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 Growth Market, which is an exchange-regulated market, meaning that admission and continuing obligations are set and administered by PLUS's own regulation function via, inter alia, the PLUS Rules for Issuers.

- The PLUS Main 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

PLUS-SX 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-SX Trading Rules (post-trade).

During 2011, the whole of the ESMA list comprising some 7,500 stocks could be traded and reported on the PLUS-SX platform, including all UK securities (including AIM) and European securities, offering a UK venue for execution of retail flow. However, the Group announced its intention in September 2011 to cease its retail trading activities with effect from the start of 2012, as it did not generate any direct revenues.

On 16 January 2012, those market segments providing retail trading were closed, leaving the only trading activity taking place on the PLUS1 platform being trading in those issuers admitted to the PLUS-SX markets, as detailed above.

Market Data Services

PLUS-SX 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, including Key Performance Indicators for the Group's principal activities as described above.

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 2011 (2010 - nil).

Capital Structure

Details of the Company's share capital, including shares issued during the year, are shown in note 18.

At 30 April 2012, 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%
Mr R B Rowan	15.60%
HSDL, stockbrokers (EO)	4.67%
TD Waterhouse, (EO)	4.41%

Directors' Interests

The directors of the Company, their biographies and respective appointment dates are set out in the section "Board of Directors and Advisers".

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 10	Shareholding as at 31 Dec 11	Shareholding as at 28 Feb 12
A I Al Asfour	-	-	-
H S Al Otaibi (resigned 17 October 2011)	-	-	-
M Basing	-	-	-
N M N Smith	478,571	478,571	478,571
C Théret	521,428	761,428	761,428
G E Vardey (resigned 10 November 2011)	377,456	-	-
N L Wynn-Evans	734,681	974,681	974,681

Retirement by Rotation and Director Re-election

In accordance with the provisions of the Company's articles of association, Nemone Wynn-Evans and Cyril Théret will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-election. The Non-Executive Directors acknowledge and appreciate the contributions made by both Nemone and Cyril to the executive management of the Company and the deliberations of the Board and firmly support the recommendation for their re-election. Please refer to the Notice of Annual General Meeting for further information.

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 19 (2010 - 10).

Charitable and Political Contributions

No donations were made during the year for political purposes (2010 – nil). During the year the Group made no charitable donations (2010 – nil).

Enterprise Investment Scheme and Venture Capital Trusts

The directors obtained confirmation from the Inland Revenue that the issue of ordinary shares in the Company up to and including 2004 rank as qualifying investments for the purposes of Enterprise Investment Scheme ('EIS') and will be a 'qualifying holding' for the purposes of investment by Venture Capital Trusts ('VCTs'). No confirmation has been applied for in respect of the Placings in September 2005, 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.

Post Balance Sheet Events

Details of events occurring after the balance sheet date are listed in note 22.

Annual General Meeting

The Notice convening the Annual General Meeting of the Company to be held on 29 June 2012 is on page 52.

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 auditor is unaware; and

- the Director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is 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.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Capita Company Secretarial Services Limited
1 June 2012

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the 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 EU. 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 to 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.

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 profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which comprises the directors' report and the sections of the OFR incorporated to it by reference, 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 that they face.

Cyril Théret
Chief Executive Officer
1 June 2012

Nemone Wynn-Evans
Chief Financial Officer
1 June 2012

Independent Auditor's 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 2011 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 24. 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 regards the Company financial statements, 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 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.

Emphasis of matter - Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements, which explains that the group has announced that it is to cease trading and therefore the financial statements have been prepared on a basis other than that of a going concern. In addition, related to the decision by the group to cease trading, we have considered the adequacy of the disclosure made in note 15 to the company financial statements which describes the uncertainty regarding the recoverability of the intercompany receivable.

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 Auditor
London, United Kingdom

1 June 2012

Consolidated Income Statement

for the year ended 31 December 2011

	Note	**Year ended 31 December 2011 £'000**	Year ended 31 December 2010 £'000
Continuing Operations			
Revenue	5	2,912	3,046
Administrative expenses		(5,476)	(9,036)
(Charge)/credit in relation to share-based payments	6	(13)	213
Loss before depreciation, amortisation and impairment charge		(2,577)	(5,777)
Depreciation and amortisation	12,13	(37)	(17)
Operating loss	8	**(2,614)**	**(5,794)**
Finance income	9	58	135
Finance costs		(7)	(8)
Loss on ordinary activities before taxation		(2,563)	(5,667)
Taxation	10	-	-
Loss after taxation		**(2,563)**	**(5,667)**
Attributable to:			
Equity holders of the Company		(2,563)	(5,667)
		(2,563)	**(5,667)**
Loss per share			
Basic	11	(0.66)p	(1.46)p
Diluted	11	(0.66)p	(1.44)p

The notes on page 33 to 51 form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Loss for the year	(2,563)	(5,667)
Comprehensive loss for the year	**(2,563)**	**(5,667)**
Attributable to:		
Equity holders of the Company	(2,563)	(5,667)
Total comprehensive loss for the year	**(2,563)**	**(5,667)**

The notes on page 33 to 51 form part of these financial statements.

Consolidated Balance Sheet

as at 31 December 2011

	Note	**31 December 2011 £'000**	31 December 2010 £'000
Non-current assets			
Intangible assets	12	-	-
Property, plant and equipment	13	70	11
Investments	14	-	-
		70	11
Current assets			
Trade and other receivables	15	601	662
Cash and bank balances	16	2,378	5,888
		2,979	6,550
Total assets		3,049	6,561
Current liabilities			
Trade and other payables	17	(467)	(1,271)
Deferred income		(19)	(177)
		(486)	(1,448)
Net current assets		**2,493**	**5,102**
Net assets		**2,563**	**5,113**
Equity			
Share capital	18	19,345	19,345
Share premium account		18,021	18,021
Retained earnings		(34,803)	(32,253)
Equity attributable to equity holders of the Company		**2,563**	**5,113**
Total Equity		**2,563**	**5,113**

Company registration number: 4606754

These financial statements were approved by the Board of Directors and authorised for issue on 1 June 2012

Signed on behalf of the Board of Directors by

Malcolm Basing
Chairman

The notes on page 33 to 51 form part of these financial statements.

Company Balance Sheet

as at 31 December 2011

	Note	31 December 2011 £'000	31 December 2010 £'000
Non-Current Assets			
Investments in subsidiaries	14	-	928
		-	928
Current assets			
Trade and other receivables	15	136	3,366
Cash and bank balances	16	862	843
		998	4,209
Total Assets		998	5,137
Current Liabilities			
Trade and other payables	17	(151)	(24)
		(151)	(24)
Net current assets		**847**	**4,185**
Net Assets		**847**	**5,113**
Equity			
Share capital	18	19,345	19,345
Share premium account		18,021	18,021
Retained Earnings		(36,519)	(32,253)
Equity shareholders' funds		**847**	**5,113**

The Company's loss for the year amounted to £4.27m (2010: £5.43m)

Company registration number: 4606754

These financial statements were approved by the Board of Directors and authorised for issue on 1 June 2012.

Signed on behalf of the Board of Directors by

Malcolm Basing
Chairman

The notes on page 33 to 51 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2011

	Note	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Net loss from operating activities		**(2,614)**	**(5,794)**
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		37	17
Share-based payment charge/(credit)		13	(213)
Operating cash flows before movements in working capital		(2,564)	(5,990)
Decrease in other bank balances	16	3,000	2,000
Decrease in trade and other receivables		65	365
(Decrease) / increase in trade and other payables		(968)	649
Net cash used in operating activities		**(467)**	**(2,976)**
Investing activities			
Interest received		54	135
Interest paid		(1)	(8)
Purchase of non-current assets		(96)	(7)
Net cash (used in) / generated by investing activities		**(43)**	**120**
Net (decrease) in cash and cash equivalents		**(510)**	**(2,856)**
Cash and cash equivalents at beginning of year	16	**2,888**	**5,744**
Cash and cash equivalents at end of year	16	**2,378**	**2,888**

The notes on page 33 to 51 form part of these financial statements.

Company Cash Flow Statement

for the year ended 31 December 2011

	Note	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Net loss from operating activities		**(4,276)**	**(5,908)**
Adjustments for non-cash items:			
Write-down investment in Subsidiaries		928	5,808
Operating cash flows before movements in working capital		(3,348)	(100)
Decrease in other bank balances	16	-	4,000
Decrease / (increase) in trade and other receivables		3,230	(2,640)
Increase / (decrease) in trade and other payables		127	(8)
Net cash generated from operations		**9**	**1,252**
Investing activities			
Interest received		10	28
Investment in Subsidiaries		-	(5,000)
Net cash generated by / (used in) investing activities		**10**	**(4,972)**
Net increase / (decrease) in cash and cash equivalents		**19**	**(3,720)**
Cash and cash equivalents at beginning of year	16	**843**	**4,563**
Cash and cash equivalents at end of year	16	**862**	**843**

The notes on page 33 to 51 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

	Share capital £'000	Share premium £'000	Retained earnings £'000	Equity attributable to equity holders of the Company £'000	*Non-controlling interest £'000	Total Equity £'000
Balance at 1 January 2010	19,345	18,021	(26,373)	10,993	-	10,993
Reversal of share-based payment credit	-	-	(213)	(213)	-	(213)
Loss for the year	-	-	(5,667)	(5,667)	-	(5,667)
Balance at 31 December 2010	**19,345**	**18,021**	**(32,253)**	**5,113**	**-**	**5,113**
Balance at 1 January 2011	19,345	18,021	(32,253)	5,113	-	5,113
Share-based payment credit	-	-	13	13	-	13
Loss for the year	-	-	(2,563)	(2,563)	-	(2,563)
Balance at 31 December 2011	**19,345**	**18,021**	**(34,803)**	**2,563**	**-**	**2,563**

*Non- controlling interest
The non-controlling interest's share of the loss on PLUS Derivatives Exchange LTD for the year ended 31 December 2011 of £87,242 has been borne by the group as this amount is not considered recoverable from the non-controlling interest.

The notes on page 33 to 51 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 December 2011

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Attributable to equity holders of the Company at 1 January 2010	19,345	18,021	(26,373)	10,993
Write down value of wholly owned subsidiary	-	-	(5,808)	(5,808)
Reversal of share-based payment credit	-	-	(213)	(213)
Profit for the year, excluding write-downs	-	-	141	141
Attributable to equity holders of the Company at 31 December 2010	**19,345**	**18,021**	**(32,253)**	**5,113**
Attributable to equity holders of the Company at 1 January 2011	19,345	18,021	(32,253)	5,113
Write down value of wholly owned subsidiary	-	-	(941)	(941)
Share-based payment credit	-	-	13	13
Loss for the year, excluding write-downs	-	-	(3,338)	(3,338)
Attributable to equity holders of the Company at 31 December 2011	**19,345**	**18,021**	**(36,519)**	**847**

The notes on page 33 to 51 form part of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2011

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 as a holding company for PLUS Stock Exchange plc (PLUS-SX), PLUS Derivatives Exchange Limited (PLUS-DX) and PLUS Trading Solutions Limited (PLUS-TS), which are all incorporated and registered in England and Wales.

PLUS-SX is engaged in the operation of the PLUS markets and is authorised and regulated by the Financial Services Authority.

PLUS-DX, which provides derivatives trading services and is authorised and regulated by the Financial Services Authority. PLUS-DX was formed in 2010 and 80% of the share capital was purchased by PLUS Markets Group plc in December 2010.

PLUS-TS was incorporated on 19 April 2011 and is 100% owned by PLUS Markets Group as at 31 December 2011.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company and its subsidiaries (together 'the Group') operate.

2. Adoption of New and Revised Standards

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.

- Improvements to IFRSs (2010)
- IAS 24 revised (2009): Related Party Disclosures
- IAS 32 amendment: Classification of Rights Issues
- IFRIC 14 amendment: Prepayments of a Minimum Funding Requirement
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments

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):

- IAS 1: Presentation of Other Comprehensive Income
- IAS 19: Post-Employment and Termination Employee Benefits
- IFRS 7 amended: Disclosures – Transfers of Financial Assets
- IFRS 7 amended: Disclosures – Offsetting of financial assets and liabilities
- IFRS 9: Financial Instruments
- IFRS 10: Consolidated Financial Statements
- IFRS 12: Disclosure of Interests in Other Entities
- IFRS 13: Fair Value Measurement
- Improvements to IFRSs (2011)
- IAS 12 'Income Taxes' amendment - Deferred Tax: Recovery of Underlying Assets
- IFRS 11 'Joint Arrangements'
- IAS 28 'Investments in Associates and Joint Ventures'
- IAS 27 'Separate Financial Statements'
- Amendments to IAS 32 - 'Offsetting Financial Assets and Financial Liabilities

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.

The financial statements have been prepared on the historical cost basis. 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 Board informed shareholders on 14 May 2012 that due to the ongoing operating costs of its business in the context of its regulatory status, the Group's cash balance had reached a level at which the Board had informed the Financial Services Authority that in order to continue to satisfy its regulatory requirements, it would commence a process of orderly closure. The Directors anticipate this will take up to six months from the date of announcement. The financial statements have, therefore, been prepared on a basis other than that of a going concern.

Since it became a Recognised Investment Exchange, the Group has been required to calculate on a regular basis its orderly cost of closure, which equates to the ability for the Group to be able to run its regulated operations for the period of the wind down, to provide time for its market participants including issuers to find alternative arrangements. This means that the Group has to maintain, as a minimum, sufficient non-discretionary funding to ensure the ongoing operation of its regulated activities for the period of the wind down, and to terminate its business on a solvent basis. The financial statements do not include any provision for the future costs of operating and terminating the business.

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 £4.27 million (2010 – £5.43 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.

Trade and Other Receivables

Trade and other receivables are initially measured at fair value, based on their invoice value and subsequently measured at amortised cost. 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 and subsequently measured at amortised cost.

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 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 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 Group'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.

Bank Balances

Term deposits with maturities of more than three months but less than six are described as other bank balances.

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 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.

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 revenue and pre-tax loss are attributable to the operation of the PLUS market. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. 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 6.

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 Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company 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 Monte Carlo Model. The expected life used in the model is 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.

Equity-settled Share Based Payments

The fair value of share based payments is calculated by reference to a Monte Carlo 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 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 these 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.

Recoverable Amount of Intercompany Receivable

As set out in Note 15 there is a material uncertainty in respect of the recoverable amount of the intercompany receivable balance in the company's Balance Sheet.

5. Business and Geographical Segments

Services From Which Reportable Segments Derive Their Revenues

Information reported to the Group's Board for the purposes of resource requirements and assessment of segment performance is specifically focused 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.

Information regarding the Group's operating segments is reported below.

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Capital Markets	1,971	2,049
Trading Services	-	-
Market Data Services	875	950
Other Income	66	47
Total Revenue	2,912	3,046

Administrative expenses are not allocated between Capital Markets, Trading Services and Market Data Services. The new activities conducted through PLUS-DX and PLUS-TS did not generate any revenues during 2011. Administrative expenses were allocated: £0.44m to PLUS-DX and £Nil to PLUS-TS.

Assets and liabilities 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. Share-Based Payments

The Group maintains share option schemes for employees of the Group.

Options granted prior to 21 January 2011 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.

On 21 January 2011 all of the existing EMI options (i.e. options granted prior to 21 January 2011) except for those granted to staff with an exercise price of less than 8.0p were cancelled and new options were issued by a new EMI scheme. At 31 December 2011, 4,898,266 options granted prior to 21 January 2011 were outstanding.

On 21 January 2011, 12,171,100 options were granted under a new EMI scheme with an exercise price of 5.0p, subject to a minimum share price at the exercise date of 7.5p. The vesting period is three years and the exercise period is seven years from the date the options vest. Options may be forfeited if the employee leaves the Company before the options vest.

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

	2011 No. of share options	**Weighted average exercise price**	2010 No. of share options	Weighted average exercise price
Outstanding at beginning of period	8,505,498	18.11p	21,662,389	18.36p
Granted during the period	12,171,100	5.00p	-	-
Forfeited during the period	(589,480)	4.83p	(13,156,891)	18.52p
Exercised during the period	-	-	-	-
Cancelled during the period	(3,587,232)	17.40p	-	-
Outstanding at the end of the period	16,499,886	8.95p	8,505,498	18.11p
Exercisable at the end of the period	4,898,266	18.31p	6,850,498	20.36p

No employee share options were exercised during 2011 or 2010. The options outstanding at 31 December 2011 had a weighted average exercise price of 8.95p, and a weighted average remaining contractual life of 7.9 years.

As mentioned above, 12,171,100 options were granted on 21 January 2011. The aggregate of the estimated fair values of the options granted on that date is £30,245.

The inputs into the Monte Carlo Model are as follows:

	2011	2010
Weighted average share price	2.20p	-
Weighted average exercise price	5.00p	-
Expected volatility	50%	-
Expected life	10 years	-
Expected dividend yield	-	-
Risk free rate	3.7%	-

Expected volatility in 2011 was determined by reference to the historical volatility of the Company's share price over the previous 6.5 years. The options expire ten years after the date of grant and the expected life has not been adjusted from this term. The risk free rate is based on the yield on a ten year UK Government bond at the grant date. The Group has no expectation of paying a dividend over the life of the options.

The options granted on 21 January 2011 are subject to a performance condition that the minimum share price at the exercise date must be 7.5p.

The Group recognised a total charge of £13,375 relating to equity-settled share-based payments in 2011 (2010 – reverse charge of £213,330). The reversal in 2010 was due to a large decrease in the number of options expected to vest as a result of the 13.2 million options forfeited in that year.

7. Information Regarding Directors and Employees

	2011 No.	2010 No.
The average number of persons employed by the Group (including Directors) during the year was:	34	39

	£'000	£'000
Aggregate staff costs during the year were:		
Wages and salaries	2,591	2,617
Social security costs	335	302
Other benefits	21	9
	2,947	2,928
Emoluments of the Directors of the Group (which are included in the above figures) were as follows (note 21):	756	701
Highest paid Director's remuneration:		
Aggregate of emoluments	170	161

There were no pension scheme contributions on behalf of Directors during the years 2011 or 2010.

8. Operating Loss

	2011 £'000	2010 £'000
The operating loss was arrived at after charging:		
Depreciation and amortisation	37	17
Operating lease costs	221	2,301
Auditor’s remuneration:		
• Audit fees (including £6,000 (2010 - £6,000) in respect of the company)	28	24
• Audit related assurance services	7	7
• Tax services	-	14

9. Finance Income

	2011 £'000	2010 £'000
Interest on bank deposits	58	135
	58	135

10. Tax on Loss on Ordinary Activities

	2011 £'000	2010 £'000
UK corporation tax at 26.5% (28%)	-	-

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 26.5% (2010 – 28%), for the reasons set out in the following reconciliation:

	2011 £'000	2010 £'000
Loss on ordinary activities before tax	(2,563)	(5,667)
Tax on loss on ordinary activities at standard rate	(679)	(1,587)
Add/(less) tax effect of:		
Expenses not deductible/ (non taxable income)	68	(53)
Difference between depreciation for the period and capital allowances	(65)	5
Increase in tax losses carried forward	672	1,635
Other short term timing differences	4	-
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 £8.7 million (2010 - £9.0 million). The asset would be recoverable if sufficient taxable profits are made in the future.

Finance (No 2) Act 2010, which provides for a reduction in the main rate of UK corporation tax from 28% to 25% effective from 1 April 2012, was enacted on 1 April 2011. As such the unrecognised deferred tax asset has been calculated using a corporation tax rate of 25%.

11. 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.

	2011 £'000	2010 £'000
Loss on ordinary activities before tax	(2,563)	(5,667)

	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	386,907,464	386,907,464
Effect of dilutive potential ordinary shares: Share options	-	6,094,380
Weighted average number of ordinary shares for the purposes of diluted loss per share	386,907,464	393,001,844

	Pence	Pence
Basic loss per share	(0.66)	(1.46)
Diluted loss per share	(0.66)	(1.44)

12. Intangible Assets

Group	Regulatory Licences £'000	Trading Platform £'000	Total £'000
2011			
Cost			
At 1 January 2011	759	3,258	4,017
Additions	-	-	-
At 31 December 2011	759	3,258	4,017
Accumulated Amortisation			
At 1 January 2011	759	3,258	4,017
Charge for the period	-	-	-
At 31 December 2011	759	3,258	4,017
Net Book Value			
At 31 December 2011	-	-	-
At 31 December 2010	-	-	-
2010			
Cost			
At 1 January 2010	759	3,258	4,017
Additions	-	-	-
At 31 December 2010	759	3,258	4,017
Accumulated Amortisation			
At 1 January 2010	759	3,258	4,017
Charge for the period	-	-	-
At 31 December 2010	759	3,258	4,017
Net book value			
At 31 December 2010	-	-	-
At 31 December 2009	-	-	-

The assets comprise the bespoke trading platform and the regulatory licences, both internally generated assets.

As a result of the replacement of the trading platform during the prior year and the review performed at 31 December 2011 the Directors have decided to continue to carry the intangible assets at nil value and have not, therefore, reversed the impairment write down.

13. Property, Plant and Equipment

Group	Furniture and Fittings £'000	Office Equipment £'000	Computer Equipment £'000	Leasehold Improvements £'000	Total £'000
2011					
Cost					
At 1 January 2011	51	6	349	23	429
Additions	-	5	2	89	96
Disposals	(10)	(5)	(338)	(23)	(376)
At 31 December 2011	41	6	13	89	149
Accumulated depreciation					
At 1 January 2011	48	6	341	23	418
Charge for the period	2	1	4	30	37
On disposals	(10)	(5)	(338)	(23)	(376)
At 31 December 2011	40	2	7	30	79
Net book Value					
At 31 December 2011	1	4	6	59	70
At 31 December 2010	3	-	8	-	11
2010					
Cost					
At 1 January 2010	51	6	342	23	422
Additions	-	-	7	-	7
At 31 December 2010	51	6	349	23	429
Accumulated depreciation					
At 1 January 2010	44	6	335	16	401
Charge for the period	4	-	6	7	17
At 31 December 2010	48	6	341	23	418
Net book value					
At 31 December 2010	3	-	8	-	11
At 31 December 2009	7	-	7	7	21

14. Investments

	Group 2011 £'000	Group 2010 £'000	**Company 2011 £'000**	Company 2010 £'000
Investment in PLUS Stock Exchange plc	-	-	-	928
Investment in PLUS Derivatives Exchange Limited	-	-	-	-
Investment in PLUS Trading Solutions Limited	-	-	-	-
	-	-	-	928

In 2010, the gross investment in PLUS-SX was £6.74 million and £5.81 million was written down. In 2011, the remaining value of the investment of £0.928 million was written down to £Nil to reflect the operating loss in the subsidiary.

In 2010, the gross investment in PLUS-DX was £80 and in 2011, this investment is written down to £Nil to reflect the operating loss in the subsidiary.

On 4 August 2011, 100% of the ordinary share capital of PLUS-TS was purchased at par and it did not trade.

15. Trade and Other Receivables

	Group 2011 £'000	Group 2010 £'000	**Company 2011 £'000**	Company 2010 £'000
Trade receivables	71	207	-	-
Prepayments	326	188	3	2
Other debtors	20	18	126	3,362
VAT recoverable	65	143	7	2
Accrued income	119	106	-	-
	601	662	136	3,366

Other debtors in the Company includes an intercompany loan of £2.62 million (2010 – £3.36 million) owed by PLUS SX and £0.43 million (2010 - £nil) owed by PLUS-DX, in respect of which a 100% provisions have been made by the Company in the current year. However, a material uncertainty exists in respect of the carrying value of the intercompany receivable from PLUS-SX. As stated in Note 22, post year end the Board announced that it had entered into an agreement with ICAP Holdings Limited for the sale of the share capital of PLUS-SX. Should this transaction proceed the level of the intercompany debt recovered from the sale may differ from the carrying amount as at the balance sheet date. The Group has incurred a number of costs in relation to the Formal Sale Process announced on 3 February and further costs, including one-off employment costs relating to the change of control of the RIE, would be incurred should the transaction proceed.

Total trade receivables held by the Group at 31 December 2011 amounted to £0.07 million (2010 - £0.21 million). The number of days' sales in trade receivables at the year end was 11 (2010 - 25).

Ageing of past due but not impaired	**Group 2011 £'000**	Group 2010 £'000	**Company 2011 £'000**	Company 2010 £'000
30 - 60 Days past due	8	9	-	-
60 - 90 Days	-	-	-	-
90 - 120 Days	3	1	-	-
Total	11	10	-	-

Movement in the allowance for doubtful debts	**Group 2011 £'000**	Group 2010 £'000	**Company 2011 £'000**	Company 2010 £'000
Balance at the beginning of the period	1	-	-	-
Provision for doubtful debt	84	78	-	-
Amounts written off as uncollectable	(1)	(77)	-	-
Amounts recovered during the year	-	-		
Balance at end of the year	84	1	-	-

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.

There were no individually impaired trade receivables in 2011 (2010 - nil) where the customers have been placed under liquidation or administration. The directors consider the carrying amount of trade receivables is approximately equal to their fair value.

Credit Risk

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

The Group's and Company's credit risk is primarily attributable to its trade receivables and receivables from intercompany respectively. 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. The Company's exposure to credit risk on receivables from other Group companies is detailed in Note 15.

16. Cash and Bank Balances

The Group has a range of current accounts with instant access and term deposits with maturities of up to six months, described as Cash and bank balances included in the Consolidated and Company balance sheets. A reconciliation to Cash and cash equivalents in the Consolidated cash flow statement is given below:

	Group at 31 Dec 2011 £'000	Group at 31 Dec 2010 £'000	**Company at 31 Dec 2011 £'000**	Company at 31 Dec 2010 £'000
Cash and bank balances per balance sheet	2,378	5,888	862	843
Bank balances with access after more than 3 months but less than 6 months	-	(3,000)	-	-
Cash and cash equivalents per cash flow statement	2,378	2,888	862	843

17. Trade and Other Payables

	Group 2011 £'000	Group 2010 £'000	**Company 2011 £'000**	Company 2010 £'000
Trade creditors	132	158	116	8
Other creditors	136	95	13	-
Accruals	199	1,018	22	16
	467	1,271	151	24

The number of days' purchases in trade creditors at the year end was 19 (2010 - 10) and all trade creditors are payable within 12 months.

The directors consider the carrying amount of trade payables is approximately equal to their fair value.

18. Share Capital

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Allotted and fully paid: 386,907,464 (2010 - 386,907,464) Ordinary shares of 5p each	19,345	19,345	19,345	19,345

The total number of share options outstanding under the PLUS Markets Plans at 31 December 2011 was 16,499,886 (2010 – 8,505,498).

There were no new shares issued during 2011.

19. Commitments

Annual commitments at 31 December 2011 under non-cancellable operating leases were as follows:

i. Operating lease payments represent rentals payable by the Group for its office property at 33 Queen Street as at 31 December 2011. In January 2011 the Group gave notice in respect of the lease on 21 Mansell Street and entered into a new agreement for premises at 33 Queen Street, London EC4. On 7 February 2011 the Group relocated to Queen Street. The Group did not have an option to purchase the leased asset at the expiry of the lease period in 2013 for Queen Street.

ii. During 2007, PLUS-SX 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. In June 2010 the option to cancel was exercised and the agreement terminated in December 2010. The severance charge of up to £0.50 million was included in accrued expenses at 31 December 2010. In 2011, an agreed reduction to this severance charge was reached and the total amount reduced by £0.07m.

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 2011 £'000		Group 2010 £'000		Company 2011 £'000		Company 2010 £'000	
	Land & Buildings	Technology Services	Land & Buildings	Technology Services	Land & Buildings	Technology Services	Land & Buildings	Technology Services
Within one year	114	58	99	319	-	-	-	-
In the second to fifth year	112	7	211	69	-	-	-	-
After five years	-	-	-	-	-	-	-	-

A future commitment of €81,000 is payable in 2012 of a five year outsourcing and co-op agreement with Bayerische Borse effective from February 2009 with a total amount of €252,000. Obligation of €171,000 have been met and expensed in the first and second year of the agreement.

An 18 month lease with Quant House was signed on 11 January 2012 for £25,000 per annum.

Historically, PLUS-SX has been charged for contracts that are in the name of other group companies where the services are rendered to the entity. A number of contracts are in the process of being novated post year end as stated in note 22.

20. Contingent Liabilities

The Group believes that any litigation it is subject to is without foundation and will if necessary mount robust defences. Therefore having taken legal advice as appropriate, the directors do not believe any provision is required in the financial statements.

21. 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.

	2011 £'000	2010 £'000
Short-term employee benefits	701	666
Termination benefits	55	35
Share-based payments	-	-
	756	701

There were no loans or quasi-loans with any related parties other than the intercompany loans of £3.05 million (2010 - £3.36 million) which were eliminated on consolidation. As set out in note 15, provision has been made against the intercompany loans.

22. Post Balance Sheet Events

On 3 February 2012, the Board of Directors announced its belief that the Company was well positioned strategically to exploit commercially the opportunities offered by significant changes in the regulatory and technological environment. It also recognised that scale and international reach will become increasingly relevant for interaction with exchanges, investment banks and other trading entities. The Board believed that it was in the best interests of the Company to seek a partner which would help it achieve the scale and reach required to maximise value to stakeholders. The Board had therefore decided to conduct a Formal Sale Process in order to identify appropriate potential partners for the Company or major strategic investors.

On 14 May 2012, the Board announced it had terminated the Formal Sale Process. The primary objectives of the Board were to protect the interests of the shareholders of the Company by securing the reputation and continuity of the RIE, providing an ongoing trading platform for its existing listed and quoted companies, and by seeking to maximise the value retained or received by shareholders in respect of the Company. During the process, the Board had considered various options available to it including potential offers for the Company, offers of funding through a placing for shares in the Company, the injection of capital into a subsidiary company, the sale of certain assets of the Company and loan financing. Discussions were held with a number of parties including major international stock exchanges and trading platforms, inter dealer brokers, technology providers, private equity and other wealth funds. However, none of the parties had been able to progress matters to a position whereby either the parties or the Board, in conjunction with its advisers, were satisfied as to the deliverability to completion of any proposed transaction.

The Board therefore informed shareholders, on 14 May 2012, that due to the ongoing operating costs of its business in the context of its regulatory status, the Group's cash balance had reached a level at which the Board had informed the FSA that it intended to commence a process of orderly closure. In consultation with the FSA, the regulated activities undertaken by the Group, which include the operation of the RIE, would be wound down over a period of up to six months in order to minimise market disruption. During the winding-down process, the Board have continued to explore all

possible avenues to preserve remaining shareholder value, including any offers for the Company's remaining assets. The Board will then consider what steps to take to return residual value, if any, to shareholders.
On 18 May 2012, the Board announced it had entered an agreement with ICAP Holdings Limited ("ICAP"), whereby ICAP will acquire the entire issued share capital of the Group's wholly-owned subsidiary, PLUS-SX, the cash equities recognised investment exchange ("RIE") on a cash-free, debt-free basis for a nominal cash amount of £1 (the "Proposed Transaction"). PLUS-SX remains a loss making business. The disposal will, therefore, help both the Group preserve remaining shareholder value and protect the reputation and continuity of the RIE for its existing listed and quoted companies.

The Proposed Transaction is subject to shareholder approval and also constitute a change of control of the RIE under the Financial Services and Markets Act 2000 ("FSMA"), requiring ICAP to obtain agreement from the Financial Services Authority prior to the completion of the Proposed Transaction. Furthermore, the Proposed Transaction will be classified as a disposal resulting in a fundamental change of business under the AIM Rules for Companies and is to be subject to shareholder approval at a general meeting.

A circular setting out the details of the Proposed Transaction (the "Circular") has be prepared and posted to PLUS shareholders, along with a notice of general meeting of shareholders, which is scheduled to take place on 18 June 2012. The Board will also continue to evaluate the options available to it in respect of returning residual value, if any, to shareholders. In the event that the Proposed Transaction does not complete before 22 June 2012, for whatever reason, the Board has consented to the FSA revoking the Recognition Order conferring the status of a Recognised Investment Exchange on PLUS-SX. The Group continues to have discussions with a limited number of interested parties that may lead to the disposal of one, or both, of its other subsidiary companies, PLUS-TS and PLUS-DX and should for whatever reason, the discussions break down, both PLUS-TS and PLUS-DX will be wound down. There is material uncertainty of the future of these subsidiaries, owing to the fact that as at the date of these accounts, no disposals have been completed.

PLUS Derivatives Exchange Ltd

By way of background, on 2 December 2010 the Company had entered into an agreement with Pipeline Capital Inc (“Pipeline”) (“Shareholders’ Agreement). The Shareholders’ Agreement purported to govern the operation of PLUS-DX and also dealt with the subscription by the Group and Pipeline of shares in PLUS-DX.

In late 2011 the Financial Services Authority required the capitalisation of PLUS-DX as a stand alone entity with its own financial resources. On 19 December 2011 the Shareholders’ Agreement with Pipeline terminated owing to PLUS-DX being unable to repay its loan from the Group company, and terminated the employment of PLUS-DX’s Managing Director.

On 5 January 2012, PLUS-DX issued 400,000 new ordinary shares of £1 which were subscribed to by the Group, and the amount was satisfied by the settlement of £400,000 of inter-company indebtedness.

The Group continues to have discussions with a limited number of interested parties that may lead to the disposal of PLUS-DX and should for whatever reason, the discussions break down, PLUS-DX will be wound down.

PLUS Trading Solutions Ltd

On 17 January 2012, PLUS-SX sold certain assets and intellectual property to PLUS-TS, to enable it to operate commercially as a stand-alone operating unit and able to generate revenues in its own right. Employees were transferred from PLUS-SX to PLUS-TS under the Transfer of Undertakings (Protection of Employment) Regulations 2006 on 18 January 2012. Certain technology-related contracts in the name of PLUS-SX are transferring to PLUS-TS.

The Group continues to have discussions that may lead to the disposal of PLUS-TS and should for whatever reason, the discussions break down, PLUS-TS will be wound down.

23. Capital and Liquidity Risk Management

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 the Consolidated 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 a centralised Corporate Treasury function using sources of financing from other group entities and investing excess liquidity.

As explained in note 3 and 22, the Group cash balance had reached a level at which it did not believe it could continue to satisfy regulatory requirement and has commenced a process of orderly closure.

The Group has no financial liabilities other than the trade and other payables detailed in note 17.

24. Externally Imposed Regulatory Requirements

As a Recognised Investment Exchange (RIE) the Company's operational subsidiary, PLUS Stock Exchange 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 an RIE, PLUS Markets is obliged to maintain liquid financial assets amounting to at least six months' operating expenses and net capital of at least this amount. A regulatory capital requirement of £2.09 million was reported to the FSA as at 31 December 2011, representing operating expenses for the prior six months.

On 14 May 2012, the Company does not anticipate to be able to satisfy its regulatory requirement for the foreseeable future as explained in note 3 and 22 and has commenced a process of orderly closure.