PRESS RELEASE

PLUS Markets Group plc

Preliminary results for the year ended 31 December 2010

PLUS Markets Group plc ("PMG" or the "Group") reports its preliminary results for the year to 31 December 2010.

Highlights

- Performance in 2010 represents a year of transition.
- Revenues stable at £3.05 million (2009: £3.04 million)
- Significant reduction in underlying administrative expenses to £7.75 million pre restructuring costs of £1.28 million (2009: expenses £11.56 million).
- Loss before depreciation, amortisation, impairment and interest received reduced to £5. 77 million (2009: £8.43 million).
- Operating cost base reduced by 40% to £5 million and Group intention to achieve break-even run rate in 2012.
- The Group has no borrowing and cash and bank balances of £5.89 million (2009: £10.74 million) as at the balance sheet date. It continues to operate within its regulatory capital requirements.
- The Group has sufficient finance to deliver further strategic progress in the coming year.
- Significant strategic opportunity to build a "next generation" stock exchange, with new initiatives launched across primary and secondary markets.
- Creation of the PLUS Derivatives Exchange alongside the PLUS Stock Exchange, represents a large and exciting commercial opportunity.

Commenting on the preliminary results, Chief Executive Officer Cyril Théret said:
"2010 has been a year of transition for PLUS Markets during which substantial progress has been made. The Group today is more appropriately structured to meet the key challenges and capitalise on the opportunities presented by fast moving regulation and technology and deliver the next generation of exchange. With the restructuring that has taken place our focus in the coming year will move towards delivery of the substantial revenue opportunities that we can see."

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Chairman's Statement

BUILDING THE NEXT GENERATION STOCK EXCHANGE

I am pleased to report that 2010 was a year of rapid change for your company with some major successes in reversing the company's difficult financial position. Losses were reduced significantly from the 2009 out turn and a new strategy has been implemented by the executive team under the leadership of Cyril Théret. We have made these changes because we are in the process of creating the next generation of stock exchange.

It is important to define what is a next generation stock exchange. Put simply, it should have the following characteristics:

- Responding to increasing regulation and rapid technology changes;
- a neutral listing and trading venue with appropriate ownership and governance arrangements, not prone to influence by any one special interest group;
- transactions that are transparent and open for all to see;
- a very low cost base enabling it to be competitive with any similar organisation in its sector;
- high performance technology, with no legacy systems, and access to central clearing facilities; and
- delivering stakeholder value through product innovation.

Much has been written about the rapid changes in regulation and technology that have occurred in the last few years combined with the continuing aftershocks of the financial crisis in 2008 forcing every type of financial intermediary to rethink its business. We believe that the stock exchange business is right in the centre of these changes. We therefore intend to make sure that your company is correctly positioned to take full advantage of what many others see as threats to their business.

The recently announced mergers amongst some of the world's largest exchanges show exactly what the challenges are: exchanges are operating in a reducing margin business and consolidation is their way of trying to reduce costs.

We are of the view that your company does not need to consolidate in the near term. Instead, it needs to reconfigure its low margin activities and rapidly move into higher margin products and services, creating new products for investors to trade rather than reproducing existing products which only serve to reinforce dwindling margins.

2010 was the year that we laid the foundations to make PLUS a next generation stock exchange.

FINANCIAL PERFORMANCE

The financial performance of the Group for 2010 reflects a year of transition with revenues stable and a reduced annualised operating costs level of £5 million going into 2011. The Group is reporting a basic loss per share of 1.46 pence down from a loss of 2.37 pence in 2009. The Group has also placed a great emphasis on conserving its cash and bank balances which were £5.9 million at year end, within regulatory requirements.

The Group's share price has not yet reflected the benefits of these changes and for the main part of 2010 traded under enterprise value based on a revenue multiple for our peer group of 5.3 times. It is the Board's view that, having increased the stability of the business in 2010 and developed a strategy around building short term revenue, the Group is now well placed going into the 2011 financial year.

We are targeting a further significant reduction in the Group's losses to a very low level indeed in the coming year by leveraging its London RIE licence with the intention to achieve a break-even run rate in 2012.

STRATEGIC DEVELOPMENT

In this environment, we at PLUS, as a next generation stock exchange, are determined to optimise the value of our RIE status by adding new services, products and new ways of investing to provide genuine choice to market users. That is why we created PLUS Derivatives Exchange (PLUS-DX) at the end of the year and renamed our existing equity business PLUS Stock Exchange (PLUS-SX),

Your company is focussed on delivering stakeholder value. The focus in 2010 has been to achieve operational efficiency through a reduction in headcount from an average of 52 in 2009 to 31 at the end of 2010, a new technology offering to support all our existing and new products, a new Executive Team, and a new regulatory approach.

The existing business that we operate has fared reasonably well but we recognise that the needs of SMEs and the investors who use our market are changing. Small cap investing remains a big challenge in terms of research coverage and the companies themselves find compliance costs an uphill struggle. During 2010, we recognised that the growth prospects of our existing business were muted and that new approaches and business lines were required to ensure the company's long term sustainability.

BOARD CHANGES

Shareholders will be aware of the board changes which occurred in February 2010 when I became Chairman and Cyril Théret was appointed Chief Executive.

During the year, Simon Brickles, who was appointed Vice Chairman as a result of those changes, decided to leave the Board in September. Simon played an important role as the former Chief Executive in moving PLUS to a Recognised Investment Exchange. Stephen Allcock, who served the company well as both a Non-Executive Director and Chairman of the Remuneration Committee retired from the Board in September. We are very grateful to Stephen for his wise counsel and support over many years to the company.

As a result of these changes, we appointed Malcolm Basing as a Non-Executive Director and Chairman of the Remuneration Committee in November 2010. Malcolm's experience in derivatives markets as well as his long career as a senior international banker will be very helpful to the company in the future.

Giles Vardey
Chairman
25 March 2011

Chief Executive's Review

The financial performance of the Group for 2010 represents a year of both internal and external transition. It is also the first year anniversary for myself as CEO and of the new Executive Team. Much has been achieved, as outlined in the Chairman's statement, since we announced the strategic review in March 2010.

The most important objective for the year was to create financial stability for the Company in order to drive stakeholder value. This was not obvious at the start of 2010, however through a clear strategy of cost reduction we have now substantially achieved this. From this more stable base, 2011 is focussed on growing our existing and new lines of revenues.

We have worked hard to restore the credibility of the Group with all our stakeholders and in doing so, laid the foundations for a next generation stock exchange. We are leveraging our key asset, the RIE licence, or, in other words, a London-based cash equity infrastructure that comprises an exchange licence; independence in technology; and a competent regulatory function.

The performance of the Group is outlined below in the operating and financial review. Instead, I would like to take this opportunity to update on the strategic review objectives of the past year.

PLUS STOCK EXCHANGE PLC

We changed the company’s name from PLUS Markets plc to PLUS Stock Exchange plc to underline the existing business.

- *Capital markets*

The PLUS Growth Market is being promoted by a series of initiatives in order to sustain a virtuous circle of visibility, liquidity and investment. Firstly we are launching PLUS Analytix, a financial tool to provide more transparency on key performance indicators of our issuers. This is aimed at addressing the general lack of coverage surrounding microcaps that are not being served by the banks and other financial institutions. Investors will have more easily accessible metrics for decision making. This will be launched in Q2 2011.

Secondly, we remain committed to a number of marketing initiatives (including exchange paid for research through Edison Investment Research; the UK regional investor roadshows; and the mentoring programme) and lobbying the UK Government on promoting the trading of small and mid caps. These initiatives have delivered an average of 70% growth in the value traded and number of trades of PLUS issuers.

Finally, we are currently testing demand with investors on a corporate loan product based on a revenue participation scheme.

- *Retail trading services*

As a leading venue for retail trading, PLUS plans to improve its offering through a Retail Service Provider (“RSP”) hub based on a Request For Quote (“RFQ”) model providing on-exchange best execution, single fill and price improvement opportunities to retail investors.

The RFQ model is to be rolled out alongside the new in-house built quote and trade reporting facility and will initially be targeted at the full list of UK securities (PLUS Growth Market, AIM, and officially listed). The roll-out is contingent on the support of liquidity providers and brokers.

PLUS DERIVATIVES EXCHANGE (PLUS-DX)

PLUS-DX is a newly formed company that is currently awaiting regulatory approval. Under the management of Clive Connors, PLUS-DX is expected to begin trading in Q2 this year, offering short to medium term interest rate hedging instruments. PLUS-DX will offer centrally cleared trading in the USD interest rate swap index series (FTSE MTIRS). As previously announced PLUS-DX has key agreements in place with the FTSE Group, the global index provider, and LCH.Clearnet Ltd, the leading independent clearing house.

We are launching PLUS-DX to meet the demands across Europe and the US from governments and regulators to provide exchange based alternatives to over-the-counter (OTC) derivatives. According to the Bank for International Settlements, the amount of OTC single currency interest rate derivatives outstanding for USD only is USD164 trillion. We have identified significant interest from a variety of potential users including asset managers, hedge funds, banks and corporates.

PLUS-DX represents a large and exciting commercial opportunity and we are pleased to enter this market with such well established partners as FTSE Group and LCH.Clearnet Ltd.

TECHNOLOGY PROGRESS

We are in the process of completing our technology requirements which will offer market making, RFQ, and lit book services under an exchange environment. To that end we contracted Algo Technologies Ltd in August 2010 and completed two technology upgrades: AlgoData, which provides ultra-low latency market data services to PLUS, and AlgoSpan, which replaces our old network connectivity between our data centres and other financial institutions. We also have signed Heads of Terms to implement AlgoM2, to provide a multi asset class lit book, which as stated previously is subject to additional funding.

VISION

Your company is not just another traditional stock exchange or multi lateral trading facility. We are actively embracing both the newly formed regulatory landscape and highly advanced technology to deliver the next generation of stock exchange. We will continue to focus on our strategy to transform all operational units of the Group into revenue generating business units.

Cyril Théret
Chief Executive Officer
25 March 2011

Operating and Financial Review

The following is extracted from the Operating and Financial Review, the full version of which is contained in the Company's Annual Report.

Operating Review

Operational and regulatory environment

The 2008 credit crunch and banking crisis continue to reverberate for us all in 2010, whilst markets sustained most of the recovery in prices and activity of 2009.

Firstly, regulators have been under intense pressure to understand what went wrong and put in place stronger, tighter and more effective rules to prevent a reoccurrence. It is not clear to us whether any of their changes, or proposed changes, will actually do this. These measures also come at a time of a new financial regulatory structure in the UK.

- *SMEs (small and medium enterprises)*

In the UK, the levels of both corporate and personal debt remain very high but there has been no regulatory (or even fiscal) push to reduce these levels whilst little to nothing is being proposed to encourage more saving and investment at a fundamental level. And yet, political pronouncements in 2010 have stressed the importance of financing SMEs to drive the economic recovery.

These companies are our core franchise. Most regulatory thinking is still based on the idea that buying and selling in the shares of these companies is 'high risk' especially for private investors and should be avoided by them. It is not considered as an investment opportunity.

- *MiFID (the EU's Market in Financial Instruments Directive implemented in 2007)*

At the EU level, there was a review of MIFID (called MIFID II), and the Dodd Frank legislation was implemented in the US. The most important change has the been the drive to move OTC trading in derivatives on to stock exchanges, and settle these transactions through central clearing houses. It is our intention to offer attractive new products and services through Plus Derivatives Exchange (PDX) to capture that trend quickly.

Your company has been very active in responding to these consultations on the changes proposed in the UK and the EU, as well as the UK government's initial thoughts on a private sector recovery.

Secondly, the equity market story in 2010 was the growth of new trading venues in Europe which appeared to be gaining large market shares at the expense of existing stock exchanges. Many of these new entrants were classified as MTFs (Multilateral Trading Facilities) and were financed by major banks who were seeking reductions in stock exchange trading fees.

Despite much media attention, none have yet made significant profits and the biggest ones are either for sale, or are merging, or both. They have served their original purpose for their owners and now face the same issues as traditional exchanges.

Key Performance Indicators

Capital Markets

At the year end, 161 companies were admitted to trading on PLUS (down from 179 at end of 2009). The total market capitalisation of PLUS issuers at year end was £2.55 billion, similar to 2009.

The market includes 42 international companies, of which 7 joined in 2010, making PLUS one of the most international growth markets in Europe (representing 26% of the market by number of companies).

The number of issuers leaving our market has returned to historical levels, down from 52 in 2009 to 35 in 2010. However the low level of new admissions (19 in 2010, of which 2 came via reverse takeover of existing issuers on PLUS) reflects the on-going difficulty for companies to attract investor support for small companies IPOs.

Companies raised £25.3 million on PLUS from new and further issues during the year, which remains at the low end of past experience. However, equity trading in PLUS issuers was up by an average of 70% both by value and number of trades.

Trading Services

The on-exchange value traded of all equities reported to PLUS was down 4.54% from 2009, at £50.46 billion with an average bargain size of £7,292. This is in line with other markets or indices.

Market data services

At the year end, there were 2,089 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 £3.05 million (2009 - £3.04 million), reflecting the lack of growth in our current business. All of the Group’s revenues during 2010 were generated by the PLUS Stock Exchange, with the majority coming from Capital Markets and the remainder from the sale of real time data.

- *Capital markets*

Capital Markets revenue amounted to £2.05 million (2009 - £2.09 million), representing application and annual fees from issuers on the exchange’s primary markets, and application and annual fees from PLUS Corporate Advisers.

- *Trading services*

PLUS does not charge for membership or execution fees, therefore no revenues are directly generated from this business area. This policy will not apply to any new services or products that we plan to introduce.

- *Market data services*

The sale of real-time PLUS-SX data generated annual income of £0.95 million (2009 - £0.87 million).

Expense

Operational and administrative expenses amounted to £9.04 million (2009 - £11.56 million). These include £1.28 million in respect of restructuring costs relating to the company's cost reduction programme during the year:

- headcount reduction from an average of 52 in 2009 to 31 at the end of 2010;
- notice costs on PLUS's Facilities Management Agreement with OMX Technology Limited (part of Nasdaq OMX), replaced by an in-house built platform; and
- notice costs on other infrastructure and network providers and the replacement with high performance alternatives, including services provided by Algo Technologies Ltd and Progress Apama Ltd.

Following these significant operational changes, we are anticipating operational and administrative expenses to the £5 million level for 2011 for PLUS Stock Exchange.

Loss for the year

The loss before depreciation, amortisation, interest received and interest payable was £5.78 million (2009 – £8.43 million). The loss after depreciation and amortisation, and a credit of £0.13 million (2009 - £0.22 million) of interest income, was £5.67 million (2009 - £8.26 million). This represents a reduction of 31% in losses in 2010 from 2009.

Balance Sheet

The Group's net assets stood at £5.11 million as at the balance sheet date of 31 December 2010 (2009 - £10.99 million), reflecting the continuing losses of the Group. The Group has no debt.

Cash Flow and Banking Policy

At the year-end the Group had £5.89 million of cash and bank balances on its balance sheet (2009 - £10.74 million). From a regulatory perspective, the Group continues to meet its Financial Resources Requirement, as set by the Financial Services Authority.

The average return on funds achieved over the year was 1.62% (2009 – 1.70%). Finance income contributed £0.13 million (2009 - £0.22 million). The Group has maintained a diversification policy in respect of its cash deposits, using the banking services of Close Brothers plc (on an arms' length basis), Bank of Scotland plc, HSBC Bank plc and the Royal Bank of Scotland Group plc.

Risks and Uncertainties

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

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

Going Concern

The Group maintains adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group has sufficient financial resources held on a range of deposits with maturities of up to six months at four different banks. As a Recognised Investment Exchange, PLUS is required to maintain a level of regulatory capital and the Directors continue to monitor the adequacy of the regulatory capital headroom. Cognisant of the Group's regulatory capital requirements, the Directors have formed a judgement, at the time of approving these financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Nemone Wynn-Evans
Chief Financial Officer
25 March 2011

Consolidated Income Statement
for the year ended 31 December 2010

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Continuing Operations		
Revenue	3,046	3,038
Administrative expenses	(9,036)	(11,563)
Charge in relation to share-based payments	213	91
Loss before depreciation, amortisation and impairment charge	(5,777)	(8,434)
Depreciation and amortisation	(17)	(40)
Operating loss	**(5,794)**	**(8,474)**
Finance income	135	218
Finance costs	(8)	–
Loss on ordinary activities before taxation	(5,667)	(8,256)
Taxation	–	–
Loss for the period attributable to equity holders of the Company	**(5,667)**	**(8,256)**
Loss per share		
Basic	(1.46)p	(2.37)p
Diluted	(1.44)p	(2.33)p

Consolidated Balance Sheet
as at 31 December 2010

	31 December 2010 £'000	31 December 2009 £'000
Non-current assets		
Intangible assets	–	–
Property, plant and equipment	11	21
Available-for-sale investments	–	–
	11	21
Current assets		
Trade and other receivables	662	1,027
Cash and bank balances	5,888	10,744
	6,550	11,771
Total assets	6,561	11,792
Current liabilities		
Trade and other payables	(1,271)	(566)
Provisions	–	(177)
Deferred income	(177)	(56)
	(1,448)	(799)
Net current assets	**5,102**	**10,972**
Net assets	**5,113**	**10,993**
Equity		
Share capital	19,345	19,345
Share premium account	18,021	18,021
Retained earnings	(32,253)	(26,373)
Equity attributable to equity holders of the Company	**5,113**	**10,993**

Company registration number: 4606754

These financial statements were approved by the Board of Directors and authorised for issue on 25 March 2011.

Signed on behalf of the Board of Directors by

Giles Vardey
Chairman
25 March 2011

Consolidated Cash Flow Statement

for the year ended 31 December 2010

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 Restated £'000
Net loss from operating activities	**(5,794)**	**(8,474)**
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	17	40
Profit on disposal of available-for-sale investment	–	(2)
Share-based payment charge	(213)	(91)
Operating cash flows before movements in working capital	(5,990)	(8,527)
Decrease in other bank balances	2,000	4,662
Decrease in trade and other receivables	365	583
Increase / (decrease) in trade and other payables	649	(1,371)
Net cash used in operating activities	**(2,976)**	**(4,653)**
Investing activities		
Interest received	135	218
Interest paid	(8)	–
Purchase of non-current assets	(7)	(6)
Net cash generated by investing activities	**120**	**212**
Financing activities		
Net proceeds from issue of equity shares by Placing and exercise of options	–	5,016
Net cash generated by financing activities	**–**	**5,016**
Net (decrease) / increase in cash and cash equivalents	**(2,856)**	**575**
Cash and cash equivalents at beginning of year	**5,744**	**5,169**
Cash and cash equivalents at end of year	**2,888**	**5,744**

Consolidated Statement of Changes in Equity
for the year ended 31 December 2010

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Attributable to equity holders of the Company at 1 January 2009	15,734	16,616	(18,023)	14,327
Retained earnings of dormant subsidiary disposed of in the year	–	–	(3)	(3)
Shares issued – options exercised	94	–	–	94
Shares issued – Placing 1 October 2009	3,517	1,405	–	4,922
Reversal of share-based payment charge	–	–	(91)	(91)
Loss for the year	–	–	(8,256)	(8,256)
Attributable to equity holders of the Company at 31 December 2009	**19,345**	**18,021**	**(26,373)**	**10,993**
Attributable to equity holders of the Company at 1 January 2010	19,345	18,021	(26,373)	10,993
Reversal of share-based payment charge	–	–	(213)	(213)
Loss for the year	–	–	(5,667)	(5,667)
Attributable to equity holders of the Company at 31 December 2010	**19,345**	**18,021**	**(32,253)**	**5,113**

The financial information set out above does not constitute the group's statutory accounts for the years ended 31 December 2010 or 2009, but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Registrar of Companies and those for 2010 will be delivered following the group's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

The announcement is based on the group's financial statements which are prepared in accordance with International Financial Reporting Standards as adopted for use in the EU.

Notes to the Financial Information

Year ended 31 December 2010

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 (formerly PLUS Markets plc), which is engaged in the operation of the PLUS markets and is authorised and regulated by the Financial Services Authority and PLUS Derivatives Exchange Limited (PLUS-DX). PLUS-DX was formed in 2010 and 80% of the share capital was purchased by PLUS Markets Group plc in December 2010. PLUS-DX was dormant at 31 December 2010. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company and its subsidiary (together 'the Group') operate.

2. Restatement

The Group holds balances with banks for the purposes of meeting short term cash flow requirements, in the ordinary course of its treasury management. These balances include current accounts with instant access and term deposits with maturities up to six months. For the current and comparative year, these balances are included within the caption “Cash and bank balances” in the Consolidated Balance Sheet. In order to reflect better the Group’s range of access terms and deposit maturities, Cash and Cash Equivalents in the Consolidated Cash Flow Statement have been re-defined as those where the Group can require the principal balances to be returned within three months of the placing.

Within the Consolidated Cash Flow statement, this has resulted in the Cash and Cash Equivalents balances at the beginning of the year in the comparatives being reduced by £9.66 million and the Cash and Cash Equivalents at the end of the year in the comparatives being reduced by £5.00 million. As a result the movement in Cash and Cash Equivalents has increased by £4.66 million with a corresponding movement of £4.66 million in other bank balances.

These changes are presentational and there is no impact on the on the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, and the Consolidated Statement of Changes in Equity.

Balances held with banks were shown as Cash and cash equivalents in the Consolidated Balance Sheet in the previous year and are shown as Cash and bank balances in the current year. As there is no overall change in the balances held with banks and the presentational impacts are reflected in the Consolidated Cash Flow statement and the balance sheet description, the directors have not felt it necessary to include a balance sheet as at 31 December 2008.

3. Registration

The Company is registered in Great Britain, registration number 4606754.

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