ADVFN PLC

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2010

Registered Number 2374988 (England and Wales)

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ADVFN PLC

Audited Results for the Year Ended 30 June 2010

ADVFN, Europe's leading stocks and shares website, announces its audited results for the year ended 30 June 2010

Highlights:

- ***Profit for the period £30,000 (2009: a loss of £535,000)***
- ***EBITDA* profit up by 78% to £1,140,000 (2009: £641,000)***
- ***Turnover up 20% to £8,475,000 (2009: £7,034,000)***
- ***Positive cash flow; 'net cash generated by operations' £1,417,000 (2009: £392,000) bringing our cash and gilts balance to £2,300,000 (2009: £1,509,000)***
- ***ADVFN's registered users base now over 2,000,000 (2009: 1,720,000)***

For further information, please contact

Clem Chambers,
ADVFN PLC CEO
0207 0700 909

Fiona Kindness,
Grant Thornton Corporate Finance (Nominated Adviser)
0207 728 3414

**EBITDA is calculated as the operating profit / (loss) for the year before depreciation and amortisation charges*

DIRECTORS, OFFICERS AND ADVISERS

Directors

Michael Hodges (Chairman)

Clem Chambers (Chief Executive Officer)

Jonathan Mullins (Technical Director and Chief Financial Officer)

Raymond Negus (Sales Director)

Robert Emmet (Non-executive Director)

Yair Tauman (Non-executive Director) (appointed 26 February 2010)

Secretary

Jackie Ryder

Registered Office

Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA

Independent Auditor

Grant Thornton UK LLP, The Explorer Building, Fleming Way, Manor Royal, Crawley, West Sussex, RH10 9GT

Nominated Adviser

Grant Thornton UK LLP, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP

Broker

Mirabaud Securities Limited, 21 St James' Square, London, SW1Y 4JP

Registrars

Capita Registrars plc, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Company number 2374988

CHIEF EXECUTIVE'S STATEMENT

ADVFN has tumed ın a strong performance ın the year to June 2010 While economıc fundamentals have been harsh, ADVFN has seen strong growth

Our sales have grown to £8,475,000 from £7,034,000 (Year ended June 09) an ıncrease of 20%

Our bottom line showed a sıgnıficant ımprovement to £30,000 profit after tax for the year from a loss after tax of £535,000 (Year ended June 09) While the amount at this stage is small, this profit none-the-less marks an important milestone for the business

This result reflects continuing progress brought about by sales growth and constant operational review

This improvement is also reflected in positive cash flow, our 'net cash generated by operations' increased to £1,417,000 from £392,000 (Year ended June 09) an increase of 261% This has resulted in an increase in our cash and Gilts to £2,300,000 from £1,509,000 the year before (Year ended June 09) an increase of 52%

We continue to decrease our dependence on the UK market We see our future as an international brand rather than a local one and the benefits of this are twofold diversification and much greater prospects

US progress is particularly exciting with strong growth in the year both on subscriptions and in advertising I feel that while business levels are now significant for us, we have barely scratched the surface of this opportunity

The year ending 2010 has been a particularly good period for subscriptions and the final months have seen advertising suddenly swap places with subscriptions as the growth driver

Our revenue model has always been, in general terms, 50% subscription and 50% advertising, but in practice, depending on market conditions, these two axes of our business go through consolidation and growth phases that appear to run out of phase with each other This means our overall income is quite predictable, as in one period, subscription growth takes over from advertising growth and then in another period the roles are reversed

Financial overview

These accounts have been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union

They show a strong performance and another set of improvements to the top and bottom lines

Strategy

This is what I said last year and it would be odd if I didn't in essence repeat it

"A strategy is meant to be a long-term plan and I'm happy to say ADVFN's strategy remains, at the year end, the same as it was at the time of the last statement " to build ADVFN internationally as the leading destination for private investors looking for information and to generate revenue from advertising sales and subscription products "

We have continued to deliver on that and we feel that the market potential is such that we can continue to go forwards at a similar pace as the past This means that we believe, in the medium term, we can be a much larger enterprise than we are today

Consequentially we will be pushing hard to grow our international businesses It has to be said that international success is extremely difficult to achieve and not all our attempts have been as productive as Brazil and the US However we feel we are making good progress in our current international portfolio and we will be looking to expand that

Our platform has already proven it can deliver our product world-wide, so the challenge boils down to addressing the subtleties of local markets to provide the right balance of localised product offering

While sounding simple, this is actually a challenging process but one we now can say we have achieved outside the UK more than once If we can repeat that in a significant number of world markets the upside is tremendous

Turnover

Our turnover has grown for the 10th consecutive year Sales are up strongly

Operating Costs

We have continued to focus on our costs but we have been more aggressive in our investment as we look towards further growth We have carefully grown our technical resources, increased marketing and begun hiring This has been achieved against a backdrop of an improving financial performance for the business and is funded from positive cash flow

Research and Development

ADVFN has always been and will always be a constantly developing platform While to the users the site may appear peaceful there is a constant ongoing process of refinement and repair While hopefully our users do not notice, markets, exchanges and companies are in a continuous state of flux and we are always positioning ourselves to accommodate change and try and be the best in what we offer and also first to provide it However this is nothing new

Environmental policy

The company as a whole continues to look for ways to develop our environmental policy It remains our objective to improve our performance in this area

Cash and GILTS

We are very happy to say that our improved general performance has directly translated to our cash and gilts balance

Our cash and GILTS balance at the end of the year was up £791,000 to £2,300,000, an increase of 52%

Summary of key performance indicators

	2010 Actual	2010 Target	2009 Actual	2009 Target
Average head count	46	50	48	50
Advfn registered users	2 0M	1 9M	1 72M	1 6M

Future outlook for the business

We look forwards to the future We believe we can sustain the growth rate of the last five to ten years and that means our business has significant potential to grow

That growth will come from markets in Europe, America and Asia

Our business is now reaping the benefit of a long period of investment and can go forward, self-funded, while retaining the financial flexibility to invest further should opportunities appear However it is very much our plan to simply roll out what we have to a broader audience There are many appealing territories to grow into

As such the way ahead is clear and the prospects appealing

Principal risks and uncertainties

Economic downturn

An extended economic down turn is not to be taken lightly However the recent turmoil has been easily overcome and may even have benefitted the company In addition this is the second time in the company's short life that it has had to navigate a financial crash and both times it has come through bigger and stronger

High proportion of fixed overheads and variable revenues

A major proportion of the company's overheads are reasonably fixed There is the risk that any significant changes in revenue may lead to the inability to cover such costs Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented on a constant review basis We have had a strong period of cost optimisations since our finance function was reorganised and this process continues

Product obsolescence

The technology that we use and develop is always in flux Products are subject to technological change and advance and resultant obsolescence We are constantly innovating to keep up with growing demand, change in product and new developments both at a technical and a marketing level The directors are committed to the Research and Development strategy in place, and are confident that the company is able to react effectively to the developments within the market

Fluctuations in currency exchange rates

A growing proportion of our turnover relates to overseas operations As a company, we are therefore exposed to foreign currency fluctuations The company manages its foreign exchange exposure on a net basis, and if required uses forward foreign exchange contracts and other derivatives/financial instruments to reduce the exposure Currently hedging is not employed If currency volatility was extreme and hedging activity did not mitigate the exposure, then the results and the financial condition of the company might be adversely impacted by foreign currency fluctuations

People

We have a very dedicated team that is focused on creating the best possible service we can provide We are constantly building this team I would like to thank them all for their hard work and dedication over the past year

Clem Chambers
CEO
20th September 2010

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 June 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is the development and provision of financial information primarily via the internet, research services and the development and exploitation of ancillary internet sites A review of the business as required by the Companies Act 2006 has been provided within the Chief Executive's Statement on pages 4 to 6

RESULTS

The profit for the financial year amounted to £30,000 (2009 loss of £535,000) The directors are unable to propose the payment of a dividend (2009 nil)

DIRECTORS

The directors set out below held office throughout the year except where stated

M J Hodges
C H Chambers
J B Mullins
R J Negus
R A Emmet
Y Tauman (appointed 26 February 2010)

R Negus and Y Tauman retire by rotation and being eligible, offer themselves for re-election The directors' interests in the shares of the company are shown in the Remuneration Report

Biographic details

Michael Hodges, *aged 47, Chairman*
Michael Hodges has over 22 years experience in computer software development and publishing, while working with multi-user and Internet projects for the last fifteen years He founded On-line plc and ADVFN plc He is currently Chairman of On-line plc and ADVFN

Clement Chambers *aged 47, Managing Director*
Co-founder of On-line, Clement Chambers has been involved in the software industry for over 22 years, primarily as a publisher of computer games entertainment software He is also a director of On-line plc

Jonathan Mullins, *aged 40, Technical Director and Chief Financial Officer*
Jonathan Mullins has been involved in the development of a wide variety of on-line and internet services for over 12 years He has been responsible for the entire technical department of ADVFN and has overseen the growth of the web site since its early days, including the development of the proprietary streaming service

Ray Negus, *aged 57, Sales Director*
Ray Negus has over 30 years experience of sales and advertising including 10 years with the Birmingham Post and Mail and 10 years with NEWSCOM PLC where he held the position of Group Sales and Marketing Manager prior to joining ADVFN in January 2000

Robert Emmet, *aged 52, Non-executive Director*
Robert Emmet, is a Chartered Accountant who qualified with Ernst and Young before joining Hoare Govett He worked in corporate finance for a number of years before joining Auspex, a Silicon Valley company manufacturing high availability fileservers Over the last 10 years he has worked in recruitment, and is currently with Edward Hunter Associates Limited, an executive search consultancy

Yair Tauman, *aged 52, Non-executive Director*
Yair Tauman is the Dean of the Arison School of Business in the IDC,a Leading Professor of Economics at State University of New York, Stony Brook and the Director of the Centre for Game Theory in Economics at Stony Brook He studied in the Hebrew University of Jerusalem where he obtained his Ph D and M Sc in Mathematics, both under the supervision of Robert Aumann (a 2005 Nobel Prize winner), and his B Sc in Mathematics and Statistics His areas of research interests are game theory and industrial organization (patents licensing, auctions, pricing, industrial espionage) He has published, among others, in leading journals like Econometrica, Games and Economic Behaviour, Journal of Economic Theory, Quarterly Journal of Economics and RAND Journal of Economics Professor Tauman is a board member of four companies in the areas of online auctions, financial information, education and IT

REPORT OF THE DIRECTORS (continued)

SUBSTANTIAL SHAREHOLDERS

At 20 September 2010 the directors were aware of the following shareholdings in excess of 3% of the Company's issued share capital

	Shareholding	%
On-Line Plc	114,300,000	18 32%
Peter O'Reilly	53,422,333	8 56%
FMR Corp (Fidelity)	27,763,630	4 45%
Guy Thomas	23,850,000	3 82%
Ron Izaki	20,316,667	3 26%

DONATIONS

There were no charitable or political donations

FINANCIAL INSTRUMENTS

The details of the financial instruments held by the Group are disclosed in note 19

RESEARCH AND DEVELOPMENT

Expenditure during the year amounted to £575,000 (2009 £783,000)

GOING CONCERN

The financial statements have been prepared on the going concern basis which assumes the Group will continue in existence for the foreseeable future The directors, having considered the latest Group forecasts together with the cash resources available to them, believe it is appropriate for the financial statements to be prepared on the going concern basis

PAYMENT POLICY AND PRACTICE

It is the Group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them Company trade creditors represented 71 days (2009 97 days)

FINANCIAL RISK MANAGEMENT

Information relating to the group's financial risk management is detailed in note 26 to the financial statements

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date to report

DIRECTORS' RESPONSIBILITIES FOR THE GROUP FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group 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 have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS's) The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 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

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

AUDITORS

In accordance with section 489(4) of the Companies Act 2006, a resolution proposing the reappointment of Grant Thornton UK LLP will be put to the members at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD

Michael Hodges
Chairman
20 September 2010

Independent auditor's report to the members of ADVFN plc

We have audited the group financial statements of ADVFN plc for the year ended 30 June 2010 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cashflow statement and the related notes 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

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the group financial statements

- give a true and fair view of the state of the group's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

- 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

Other matter

We have reported separately on the parent company financial statements of ADVFN plc for the year ended 30 June 2010

Grant Thornton UK LLP

Stephen P S Weatherseed
Senior Statutory Auditor
for an on behalf of Grant Thornton UK LLP
Statutory Auditors, Chartered Accountants
Gatwick
20 September 2010

Consolidated income statement

	Notes	12 months to 30 June 2010 £'000	12 months to 30 June 2009 £'000
Revenue	3	8,475	7,034
Cost of sales		(404)	(456)
Gross profit		8,071	6,578
Share based payment	24	(43)	(31)
Amortisation of intangible assets	13	(1,149)	(962)
All other administrative expenses		(6,963)	(6,111)
Total administrative expenses		(8,155)	(7,104)
Profit on disposal of assets		-	97
Operating loss	4	(84)	(429)
Finance income	7	23	12
Finance expense	8	(8)	(11)
Negative goodwill and associated fair value loss on previously held equity investment	29	(214)	-
Result from associates after taxation	15	(18)	(282)
Loss before tax		(301)	(710)
Taxation	9	331	175
Profit/(loss) for the period attributable to shareholders of the parent		30	(535)
Earnings / (loss) per share – from continuing operations			
Basic and diluted (pence per share)	10	-	(0 09)

Consolidated statement of comprehensive income

	12 months to 30 June 2010 £'000	12 months to 30 June 2009 £'000
Profit / (loss) for the period	30	(535)
Other comprehensive income		
Exchange differences on translation of foreign operations	(8)	(18)
Total comprehensive income for the year attributable to shareholders of the parent	22	(553)

Consolidated balance sheet	Notes	30 June 2010 £'000	30 June 2009 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	84	92
Goodwill	12	1,590	1,590
Intangible assets	13	2,973	2,297
Investments in associates	15	-	905
Trade and other receivables	17	113	204
		4,760	5,088
Current assets			
Trade and other receivables	17	890	977
Current tax recoverable		92	65
Other financial assets (available for sale)	19	709	32
Cash and cash equivalents	20	1,599	1,509
		3,290	2,583
Total assets		8,050	7,671
Equity and liabilities			
Equity			
Issued capital	23	6,238	6,156
Share premium		7,900	7,758
Merger reserve		221	221
Share based payment reserve		485	456
Foreign exchange reserve		(26)	(18)
Retained earnings		(8,745)	(8,789)
		6,073	5,784
Non-current liabilities			
Deferred tax	16	342	314
Borrowings - obligations under finance leases	22	6	11
		348	325
Current liabilities			
Trade and other payables	21	1,616	1,533
Borrowings - obligations under finance leases	22	13	29
		1,629	1,562
Total liabilities		1,977	1,887
Total equity and liabilities		8,050	7,671

The financial statements on pages 11 to 41 were authorised for issue by the Board of Directors on 20 September 2010 and were signed on its behalf by

Clem Chambers
CEO

The accompanying accounting policies and notes form an integral part of these financial statements

Company number 2374988

Consolidated statement of changes in equity

	Share capital	Share premium	Shares to be issued	Merger reserve	Share based payment reserve	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2008	5,932	7,710	249	221	425	-	(8,254)	6,283
Issue of shares	224	48	(249)	-	-	-	-	23
Equity settled share options	-	-	-	-	31	-	-	31
Transactions with owners	224	48	(249)	-	31	-	-	54
Loss for the period after tax	-	-	-	-	-	-	(535)	(535)
Other comprehensive income								
Exchange differences on translation of foreign operations	-	-	-	-	-	(18)	-	(18)
Total comprehensive income for the year	-	-	-	-	-	(18)	(535)	(553)
At 30 June 2009	6,156	7,758	-	221	456	(18)	(8,789)	5,784
Issue of shares	82	142	-	-	-	-	-	224
Equity settled share options	-	-	-	-	43	-	-	43
Transactions with owners	82	142	-	-	43	-	-	267
Profit for the period after tax	-	-	-	-	-	-	30	30
Other comprehensive income								
Exercise of share options	-	-	-	-	(14)	-	14	-
Exchange differences on translation of foreign operations	-	-	-	-	-	(8)	-	(8)
Total comprehensive income for the year	-	-	-	-	(14)	(8)	44	22
At 30 June 2010	6,238	7,900	-	221	485	(26)	(8,745)	6,073

The accompanying accounting policies and notes form an integral part of these financial statements

Consolidated cash flow statement

	Notes	12 months to 30 June 2010 £'000	12 months to 30 June 2009 £'000
Cash flows from operating activities			
Loss for the period before tax		(301)	(710)
Net finance income in the income statement	7, 8	(15)	(1)
Loss from associates	15	18	282
Depreciation of property, plant & equipment	11	75	108
Amortisation	13	1,149	962
Gain on disposal of property, plant and equipment		-	(97)
Negative goodwill and associated fair value loss on previously held equity investment		214	-
Impairment of financial assets		24	35
Share based payments	24	43	31
Decrease in trade and other receivables		236	20
Decrease in trade and other payables		(26)	(238)
Net cash generated from operations		1,417	392
Interest paid	8	(8)	(11)
Income tax (payable) / receivable		(17)	162
Net cash generated by operating activities		1,392	543
Cash flows from investing activities			
Interest received	7	23	12
Payments for property plant and equipment	11	(30)	(22)
Purchase of intangibles	13	(570)	(682)
Purchase of UK Government gilts		(701)	-
Acquisition of subsidiary (net of cash with subsidiary)	29	(22)	-
Disposal of assets		-	106
Net cash used in investing activities		(1,300)	(586)
Cash flows from financing activities			
Proceeds from issue of equity shares		27	23
Loans repaid (finance leases)		(21)	(44)
Net cash generated by financing activities		6	(21)
Net increase /(decrease) in cash and cash equivalents		98	(64)
Exchange differences		(8)	(18)
Total increase /(decrease) in cash and cash equivalents		90	(82)
Cash and cash equivalents at the start of the period		1,509	1,591
Cash and cash equivalents at the end of the period	20	1,599	1,509

The accompanying accounting policies and notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The principal activity of ADVFN PLC ("the Company") and its subsidiaries (together "the Group") is the development and provision of financial information, primarily via the internet, research services and the development and exploitation of ancillary internet sites

The principal trading subsidiaries are All IPO Plc, Equity Holdings Ltd, Equity Development Ltd, InvestorsHub com Inc and Cupid Bay Ltd

The Company is a public limited company which is quoted on the Alternative Investment Market of the London Stock Exchange and is incorporated and domiciled in the UK The address of the registered office is Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA

The registered number of the company is 2374988

2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements are for the year ended 30 June 2010 They have been prepared in compliance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 30 June 2010 The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain UK Government gilts (bonds) – available for sale financial instruments

Going concern

The financial statements have been prepared on the going concern basis which assumes the Group will continue in existence for the foreseeable future The directors, having considered the latest Group forecasts together with the cash resources available to them, believe it is appropriate for the financial statements to be prepared on the going concern basis

Standards and amendments to existing standards adopted by the Group

The Group has adopted the following new standards and interpretations in these financial statements

IAS 1, 'Presentation of financial statements'

Revised IAS 1 'Presentation of Financial Statements (2007)' introduces the term 'total comprehensive income', which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners The new statement of comprehensive income may be presented as either a single statement of comprehensive income, which combines the requirements of the existing income statement and statement of recognised income and expense, or in an income statement and a separate statement of comprehensive income The Group has decided to present separate statements

Revised IAS 1 requires presentation of a comparative balance sheet as at the beginning of the first comparative period, in some circumstances Management consider that this is not necessary this year because the 2008 balance sheet is the same as that previously published

Amendment to IFRS 7, 'Improving disclosures about financial instruments'

The amendment requires enhanced disclosures about fair value measurements and liquidity risk In particular, the amendment requires disclosure of fair value measurements by level of a three-level fair value measurement hierarchy In addition to that, the amendment clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called, and secondly requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows The Group has to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk The adoption of the amendment results in additional disclosures but does not have an impact on profit or earnings per share

IFRS 8, 'Operating segments'

IFRS 8 replaces IAS 14, 'Segment reporting', and is effective for annual periods beginning on or after 1 January 2009 The new standard requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes The effects of adoption by the Group are disclosed in Note 3

NOTES TO THE FINANCIAL STATEMENTS

'Improvements to IFRS' (issued in May 2008)

The improvements project contains numerous amendments to IFRS that the IASB considers non-urgent but necessary 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards Most of the amendments are effective for these financial statements No material changes to accounting policies arose as a result of these amendments

Adoption of IFRS 3, 'Business combinations' (revised 2008)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated statement of comprehensive income There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets All acquisition-related costs are now expensed The Group has applied this standard in accounting for the acquisition of ALLIPO plc, further details of which are set out in note 29

Adoption of IAS 27 (revised), 'Consolidated and separate financial statements'
This standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control They will no longer result in goodwill or gains and losses The standard also specifies the accounting when control is lost Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss The adoption of this standard has had not effect on the Group results

Adoption IAS 23 Revised, 'Borrowing costs'
This standard requires the Group to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset The option of immediately expensing those borrowing costs has been removed The adoption of this standard has had not effect on the Group results

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group in the 30 June 2010 financial statements
At the date of authorisation of these financial statements, certain new Standards, amendments and Interpretations to existing standards have been published but are not yet effective The Group has not early adopted any of these pronouncements The new Standards, amendments and Interpretations that are expected to be relevant to the Group's financial statements are as follows

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial instruments Classification and measurement	1 January 2013
IAS 24	Related party disclosures	1 January 2011
Amendment IAS 32	Classification of rights issues	1 February 2010
Amendment IFRS 2	Group cash-settled share-based payment transactions	1 January 2010
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

IFRS 9, 'Financial instruments Classification and measurement'
This standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measures the financial assets as either at amortised cost or fair value The new standard is mandatory for annual periods beginning on or after 1 January 2013 The standard is not expected to have a significant impact on the consolidated financial statements

Amendment to IAS 32 about 'Classification of Rights Issues' requires that if rights issues offered for a fixed amount of foreign currency are issued pro rata to existing shareholders they should be classified as equity regardless of the currency in which the exercise price is denominated The amendment is not expected to have a significant impact on the consolidated financial statements

The following have been published but have not yet been endorsed by the EU

Amendment to IFRS 2 'Group Cash Settled Share Based Payment Transactions', IFRS 9 'Financial Instruments,' IFRIC 19 'Extinguishing Financial Liabilities with Equity Instuments' and IAS 24 'Related Party Disclosures' Management are currently assessing the impact of these amendments, standards and interpretations on the financial statements

NOTES TO THE FINANCIAL STATEMENTS

Accounting policies

Consolidation
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity Subsidiaries are fully consolidated from the date on which control is transferred to the Group They are deconsolidated on the date control ceases

Inter-company transactions, balances and unrealised gains and losses (where they do not provide evidence of the asset transferred) on transactions between Group companies are eliminated

Business combinations
The Group uses the acquisition method of accounting for the acquisition of a subsidiary The consideration transferred is measured by the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange Costs directly attributable to the acquisition are expensed in the period

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest

Goodwill is recognised at the acquisition date measured as the excess of the aggregate of

(i) The fair value of the consideration transferred
(ii) The fair value of the non controlling interest in the acquiree
(iii) In a combination achieved in stages, the fair value of the acquirers previously held equity interest in the acquiree

over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities measured at fair value

The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest

Investments in associates
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments Losses of an associate in excess of the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate at the date of acquisition is recognised as goodwill The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate

2. Summary of significant accounting policies (continued)

Foreign currency translation

a) Functional and presentational currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency) The Company's functional currency and the Group's presentational currency is Sterling

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement

c) Group companies

NOTES TO THE FINANCIAL STATEMENTS

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- Income and expenses for each income statement are translated at the rate of exchange at the transaction date Where this is not possible, the average rate for the period is used and,
- On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to a separate component of equity Post transition exchange differences are recycled to the income statement upon disposal of the foreign operation

Income and expense recognition

Revenue is the fair value of the total amount receivable by the Group for supplies of products as principal and for services Subscription and advertising income is recognised over the period in which the service is provided VAT or similar local taxes and trade discounts are excluded

Interest income and expenditure are reported on an accruals basis Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin

Employee benefits

The cost of pensions in respect of the Group's defined contribution scheme is charged to the income statement in the period in which the related employee services were provided

Intangible assets

- Licences

Licences are recognised at cost less any subsequent impairment and amortisation charges, they are amortised over a five year period on a straight line basis

- Goodwill

Goodwill is recognised at the acquisition date measured as the excess of the aggregate of

(i) The fair value of the consideration transferred
(ii) The fair value of the non controlling interest in the acquiree
(iii) In a combination achieved in stages, the fair value of the acquirers previously held equity interest in the acquiree

over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities measured at fair value

The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest

It is capitalised as an intangible asset and allocated to cash generating units (with separately identifiable cash flows) and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

- Internally generated intangible assets
An internally generated intangible asset arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above Where no internally generated intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses Internally generated intangibles not yet in use are subject to annual impairment testing

Internally generated intangible assets are amortised over three years

Research expenditure is recognised as an expense in the period in which it is incurred

- Intangible assets acquired as part of a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and sufficient information exists to measure reliably the fair value of the asset The cost of such intangible assets is their fair value at the acquisition date All intangible assets acquired through business combination are amortised over their useful lives estimated at between 5 and10 years

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses

Property, plant and equipment
Property, plant and equipment are recorded at cost net of accumulated depreciation and any provision for impairment Depreciation is provided using the straight line method to write off the cost of the asset less any residual value over its useful economic life The residual values of assets are reviewed annually and revised where necessary Assets' useful economic lives are as follows

Leasehold improvements	The shorter of the useful life of the asset or the term of the lease
Computer equipment	33% per annum
Office equipment	20% per annum

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

Impairment
For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows As a result some assets are tested individually for impairment and some are tested at cash-generating unit level

Goodwill, other individual assets or cash-generating units that include goodwill and those intangible assets not yet available for use are tested for impairment at least annually All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount of the asset or cash-generating unit The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation With the exception of goodwill all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist

Financial assets
Financial assets consist of cash, loans and receivables and other financial assets available for sale Financial assets are assigned to their different categories by management on initial recognition, depending on the purpose for which the investment was acquired

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a trade receivable is impaired The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses When a trade receivable is uncollectible it is written off against the allowance account for trade receivables Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement

Investments
Current asset investments are classified as 'available for sale' as they are held for short term investment only and are intended to be realised within one year of the balance sheet date The Group has classified its holding of Government bonds as available for sale financial assets They are measured at fair value with gains and losses arising on their fair value being recognised in other comprehensive income Listed investments are stated at bid prices

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired

Interest and other cash flows resulting from holding financial assets are recognised in profit and loss when received, regardless of how the related carrying amount of financial assets is measured

Financial liabilities
The Group's financial liabilities include trade and other payables

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument All interest related charges are recognised as an expense in the income statement

Trade payables are recognised initially at their fair value, net of transaction costs and subsequently measured at amortised costs less settlement payments

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Leases
Where the Group retains substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease Other leases are treated as operating leases Future instalments payable under finance leases net of finance charges are included in creditors with the corresponding asset values recorded in property, plant and equipment and depreciated over the shorter of their estimated useful lives or their lease terms Lease payments are apportioned between the finance element, which is charged to the income statement as interest, and the capital element, which reduces the outstanding obligation for future instalments

Payments under operating leases are charged to the income statement on a straight line basis over the lease term

Income taxes
Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out its operations They are calculated according to the tax rates and tax laws applicable to the fiscal period and the country to which they relate All changes to current tax liabilities are recognised as a component of tax expense in the income statement unless the tax relates to an item taken directly to equity in which case the tax is also taken directly to equity

Deferred income taxes are calculated using the liability method on temporary differences Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets

Deferred tax liabilities are always provided for in full Deferred tax assets such as those resulting from assessing deferred tax on the expense of share based payments, are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date

Cash and cash equivalents
Cash and cash equivalents include cash at bank and in hand

Provisions, contingent liabilities and contingent assets
Other provisions are recognised when the present obligations arising from legal or constructive commitment resulting from past events, will probably lead to an outflow of economic resources from the Group which can be estimated reliably

Provisions are measured at the present value of the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates

Share based employee compensation
The Group operates equity settled share based compensation plans for remuneration of its employees

All employee services received in exchange for the grant of any share based compensation are measured at their fair values These are indirectly determined by reference to the share options awarded Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e g profitability or sales growth targets)

All share based compensation is ultimately recognised as an expense in the income statement with a corresponding credit to the share based payment reserve, net of deferred tax where applicable If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued are reallocated to share capital with any excess being recorded as additional share premium

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

Equity

Issued capital
Ordinary shares are classified as equity The nominal value of shares is included in issued capital

Share premium
The share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of the expenses of the share issue

Merger reserve
The merger reserve results from shares issued on the acquisition of Equity Holdings Ltd

Share based payment reserve
The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised

Foreign exchange reserve
The foreign exchange reserve represents foreign exchange gains and losses arising on translation of investments in overseas subsidiaries into the consolidated financial statements

Retained earnings
The retained earnings include all current and prior period results for the Group and the post acquisition results of the Group's subsidiaries as determined by the income statement

Dividends

Final equity dividends to the shareholders of ADVFN plc are recognised in the period that they are approved by shareholders Interim equity dividends are recognised in the period that they are paid

Dividends receivable are recognised when the Company's right to receive payment is established

Use of key accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements Information about such judgements and estimates is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below

Judgements in applying accounting policies

a) Capitalisation of development costs in accordance with IAS 38 requires analysis of the technical feasibility and commercial viability of the project in the future This in turn requires a long term judgement to be made about the development of the industry in which the development will be marketed (Note 13)
b) Judgement is required in determining the provision for income taxes There are many transactions and calculations whose ultimate tax treatment is uncertain The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes are likely to be due The Group recognises deferred tax assets and liabilities based on estimates of future taxable income and recoverability Where a change in circumstance occurs, or the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the year in which that change or outcome is known
c) The directors have used their judgement to decide whether the Group should be treated as a going concern and continue in existence for the foreseeable future Having considered the latest Group forecasts, which cover a period of two years from the balance sheet date, together with the cash resources available to them, the Directors have judged that it is appropriate for the financial statements to be prepared on the going concern basis

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Sources of estimation uncertainty

a) Estimates of future profitability for the decision whether or not to create a deferred tax asset Such estimates are made in forecasts made by management which are updated on a regular basis based upon the director's best estimate of future trading conditions As a result the value of carry forward trading losses which are expected to be utilised may vary

b) Determining whether goodwill and related intangible assets are impaired requires an estimation of the value in use of the cash generating unit to which the goodwill or intangible assets have been allocated This value in use calculation requires an estimation of the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate a suitable present value

c) On acquisition of subsidiaries, the Group recognises intangible assets This requires estimates to be made regarding the valuation methodology, expected useful life and discount rates to be applied In addition, a number of estimates are used in calculating fair value and amortisation charges in respect of these assets The carrying value of intangible assets acquired is £2,973,000

3. Segmental analysis

Following the adoption of IFRS 8 'Operating segments' the directors now identify reportable segments based upon the information which is regularly reviewed by the chief operating decision maker The Group considers that the chief operating decision maker is the Board of Directors As a result of this change the Group has identified two reportable operating segments, being that of the provision of financial information and that of research services The provision of financial information is made via the Group's various website platforms Research activities are provided by the Group's staff, primarily to corporate customers In the prior year the Group presented segmental information on the basis of geographical analysis only as it considered that it had one primary reporting segment Accordingly, the comparative segmental information has been restated to reflect the change in reportable segments

In addition, two minor operating segments, for which IFRS 8's quantitative thresholds have not been met, are currently combined below under 'other' The main sources of revenue for these operating segments is the provision of financial broking services and other internet services not related to financial information Segment information can be analysed as follows for the reporting period under review

2010	Provision of financial information £'000	Research services £'000	Other £'000	Total £'000
Revenue from external customers	7,863	526	102	8,491
Depreciation and amortisation	(1,327)	(7)	(3)	(1,337)
Other operating expenses	(6,514)	(684)	(61)	(7,259)
Segment operating (loss)/profit	22	(165)	38	(105)
Results from associates	(18)	-	-	(18)
Interest income	23	-	-	23
Interest expense	(5)	(3)	-	(8)
Segment assets	9,618	196	26	9,840
Segment liabilities	(1,522)	(127)	(8)	(1,657)
Purchases of non-current assets	(895)	(10)	(1)	(906)

NOTES TO THE FINANCIAL STATEMENTS

2009	Provision of financial information £'000	Research services £'000	Other £'000	Total £'000
Revenue from external customers	6,364	741	33	7,138
Depreciation and amortisation	(918)	(9)	-	(927)
Other operating expenses	(5,787)	(768)	(57)	(6,612)
Profit on disposal of assets	97	-	-	97
Segment operating (loss)	(244)	(36)	(24)	(304)
Results from associates	(282)	-	-	(282)
Interest income	6	6	-	12
Interest expense	(11)	-	-	(11)
Segment assets	7,511	432	7	7,950
Segment liabilities	(1,470)	(99)	(7)	(1,576)
Investment in associates	905	-	-	905
Purchases of non-current assets	(704)	-	-	(704)

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas

	Revenue 2010 £'000	Non-current assets 2010 £'000	Revenue 2009 £'000	Non-current assets 2009 £'000
UK (domicile)	4,790	3,119	4,944	3,304
USA	3,071	1,641	1,702	1,784
Other	630	-	492	-
	8,491	4,760	7,138	5,088

Revenues are allocated to the country in which the customer resides During both 2010 and 2009 no single customer accounted for more than 10% of the Group's total revenues

The segmental information regularly reviewed by the Board is presented under UK GAAP and, as a result, a key reconciling item between the segmental and the Group financial information relates to IFRS conversion

The totals presented for the Group's operating segments reconcile to the entity's key financial figures as presented in its financial statements as follows

	2010 £'000	2009 £'000
Segment revenues		
Total segment revenues	8,491	7,138
Consolidation adjustments	(16)	(104)
	8,475	7,034
Segment profit or loss		
Total segment operating (loss)	(105)	(304)
Consolidation adjustments	(15)	20
IFRS conversion adjustments	36	(145)
Group operating loss	(84)	(429)
Finance income	23	12
Finance expense	(8)	(11)
Negative goodwill and associated fair value loss on previously held equity investment	(214)	-
Result from associate after taxation	(18)	(282)
Group loss before tax	(301)	(710)

NOTES TO THE FINANCIAL STATEMENTS

Segment assets		
Total segment assets	9,840	7,950
Consolidation adjustments	(1,777)	(1,382)
IFRS conversion adjustments	(13)	1,103
Total Group assets	8,050	7,671
Segment liabilities		
Total segment liabilities	(1,657)	(1,576)
IFRS adjustments	(320)	(311)
Total Group liabilities	(1,977)	(1,887)

Consolidation adjustments primarily relate to the elimination of investments and the calculation of goodwill IFRS conversion adjustments primarily relate to the different accounting bases for the Group's intangible and tangible assets under IFRS and UK GAAP

4 Operating loss

Operating loss has been arrived at after charging / (crediting)	2010 £'000	2009 £'000
Foreign exchange gain	(22)	(32)
Depreciation and amortisation		
Depreciation of property plant and equipment		
Owned	66	64
Held under finance leases	9	44
Amortisation of intangible assets	1,149	962
Employee costs (Note 6)	2,925	2,726
Lease payments on land and buildings held under operating leases	201	195
Expenditure on Research and Development	575	783
Audit and non-audit services		
Fees payable to the company's auditor for the audit of the Company's annual accounts	21	22
Fees payable to the Company's auditor and its associates for other services		
For the audit of the company's subsidiaries pursuant to legislation	23	13
Other services pursuant to legislation	7	24
For tax services	12	8

5. Remuneration of key senior management

Key senior management comprises only directors	2010 £'000	2009 £'000
Short term employee benefits	772	713
Share based payments	29	28
Post employment benefits - defined contribution pension plans	24	29
	825	770

Details of the directors' emoluments, together with other related information, are set out on page 10

NOTES TO THE FINANCIAL STATEMENTS

6. Employees

	2010 £'000	2009 £'000
Employee costs (including directors)		
Wages and salaries	2,620	2,407
Social security costs	247	236
Pension costs	31	36
Share based payments	27	47
	2,925	2,726

The average number of employees during the year was made up as follows

	2010	2009
Development	14	21
Sales and Administration	32	27
	46	48

7 Finance income

	2010 £'000	2009 £'000
Interest receivable on bank deposits	7	12
Interest receivable on available for sale financial assets	16	-
	23	12

8 Finance costs

	2010 £'000	2009 £'000
Finance charges on finance leases	8	11
	8	11

NOTES TO THE FINANCIAL STATEMENTS

9 Income tax expense

	2010 £'000	2009 £'000
Current Tax·		
UK corporation tax on profits for the year	(25)	(65)
Adjustments in respect of prior periods	17	-
Total current taxation	(8)	(65)
Deferred tax	(323)	(110)
Taxation	(331)	(175)

The tax assessed for the year is different from the standard rate of corporation tax as applied in the respective trading domains where the Group operates The differences are explained below

	2010 £'000	2009 £'000
Loss before tax	(301)	(710)
Loss before tax multiplied by the respective standard rate of corporation tax applicable in the UK (28%) (2009 28%)	(84)	(199)
Effects of		
Utilisation of losses	(201)	60
Non-deductible expenses	412	238
Enhanced Research & Development expenditure	(263)	(324)
Surrender of tax losses for R & D tax credit	16	46
Part 12 CTA 2009 deduction	(1)	(1)
Unprovided deferred tax resulting from		
-the origination and reversal of temporary differences	(4)	(5)
-tax losses arising in the period	93	-
-depreciation in excess of capital allowances	7	10
Recognition of tax losses and unwinding of deferred tax liability	(323)	-
Adjustments in respect of prior periods	17	-
Tax (credit) for the year	(331)	(175)

NOTES TO THE FINANCIAL STATEMENTS

10 Earnings / (loss) per share

	12 months to 30 June 2010 £'000	12 months to 30 June 2009 £'000
Profit / (loss) for the year from continuing operations attributable to equity shareholders	30	(535)
Earnings / (loss) per share from continuing operations		
Basic earnings / (loss) per share (pence)	-	(0 09)
Diluted loss per share (pence)	-	(0 09)
	Shares	Shares
Issued ordinary shares at start of the year	615,568,903	593,192,437
Ordinary shares issued in the year (Note 23)	8,195,602	22,376,466
Issued ordinary shares at end of the year	623,764,505	615,568,903
Weighted average number of shares in issue for the year	622,267,954	605,430,000
Dilutive effect of options	7,100,433	-
Weighted average shares for diluted earnings per share	629,368,387	605,430,000

Where a loss has been recorded for the year the diluted loss per share does not differ from the basic loss per share as the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33

NOTES TO THE FINANCIAL STATEMENTS

11 Property, plant and equipment

	Leasehold property improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost				
At 1 July 2008	68	989	140	1,197
Disposal	-	(27)	-	(27)
Additions	-	20	2	22
At 30 June 2009	68	982	142	1,192
Acquired	-	37	-	37
Additions	-	30	-	30
At 30 June 2010	68	1,049	142	1,259
Depreciation				
At 1 July 2008	52	837	121	1,010
Disposal	-	(18)	-	(18)
Charge for the year	10	92	6	108
At 30 June 2009	62	911	127	1,100
Charge for the year	5	65	5	75
At 30 June 2010	67	976	132	1,175
Net book value				
At 30 June 2010	1	73	10	84
At 30 June 2009	6	71	15	92

The cost of property, plant and equipment held under finance leases is £125,000 (2009 £125,000), accumulated depreciation is £125,000 (2009 £107,000) giving a net book value of £Nil (2009 £18,000) Finance charges included in lease payments made during the year amounted to £8,000 (2009 £11,000)

NOTES TO THE FINANCIAL STATEMENTS

12 Goodwill

	£'000
At 1 July 2008	1,590
Additions	-
At 30 June 2009	1,590
Additions	-
At 30 June 2010	1,590

The goodwill carried in the balance sheet is attributable to the following

	£'000
InvestorsHub com Inc	657
Equity Holdings Ltd	933
	1,590

The Group tests goodwill annually for impairment or more frequently if there are indications that it might be impaired The recoverable amounts are determined from value in use calculations The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to selling prices and direct costs during the period

For the purposes of the impairment testing of goodwill, the directors have recognised two cash generating units (CGUs) in InvestorsHub com Inc and Equity Holdings Limited The recoverable amount for the CGUs was determined based on a value in use calculation, based upon management forecasts for the trading results of those entities for the two years ending 30 June 2012, extended to reflect the remaining useful economic life of the underlying intangible assets contained within those CGUs which is approximately 5 5 and 6 25 years for Equity Holdings Limited and InvestorsHub com Inc respectively The directors consider that the remaining useful economic lives remain appropriate Cash flows beyond the period covered by management forecasts have been estimated by assuming a growth rate of nil A discount rate of 10% has been used for both income generating units which reflects the Group's estimated weighted average cost of capital Within the value in use model utilised for InvestorsHub com Inc an average exchange rate of $1 64/£ has been assumed The value in use calculations indicate that InvestorHub com Limited and Equity Holdings Limited have recoverable amounts which are £424,000 and £204,000 greater than their respective carrying amounts For InvestorsHub com Inc , the exchange rate utilised within the forecasts would have to rise to $2 14/£ to reduce the recoverable amount to its carrying value For Equity Holdings Limited expected revenue cashflows would have to reduce by 17% to reduce the recoverable amount to its carrying value

NOTES TO THE FINANCIAL STATEMENTS

13. Other intangible assets

	Licences	Brands & subscriber lists	Website development costs	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 July 2008	1,300	1,522	3,836	6,658
Additions	-	-	682	682
At 30 June 2009	1,300	1,522	4,518	7,340
Acquired at fair value	162	607	486	1,255
Additions	-	-	570	570
At 30 June 2010	1,462	2,129	5,574	9,165
Amortisation				
At 1 July 2008	1,300	266	2,515	4,081
Charge for the year	-	152	810	962
At 30 June 2009	1,300	418	3,325	5,043
Charge for the year	30	264	855	1,149
At 30 June 2010	1,330	682	4,180	6,192
Net book value				
At 30 June 2010	132	1,447	1,394	2,973
At 30 June 2009	-	1,104	1,193	2,297

Intangible assets are allocated to the All IPO Plc and the InvestorsHub com Inc CGUs and have been subjected to an impairment review No impairment to their carrying value was identified Website development costs, except those acquired with All IPO, are internally generated and primarily consist of capitalised wages and salaries expense

14 Subsidiary companies consolidated in these accounts

	Country of incorporation	% interest in ordinary shares at 30 June 2010	Principal activity
Equity Holdings Limited	England & Wales	100 00%	Holding Company
Equity Development Limited	England & Wales	100 00%	Research services
Cupid Bay Limited	England & Wales	100 00%	Internet dating web site
Fotothing Limited	England & Wales	100 00%	Dormant
InvestorsHub com Inc	USA	100 00%	Financial information web site
ADVFN Brazil Limited	England & Wales	100 00%	Dormant
E O Management Limited	England & Wales	100 00%	Dormant
Throgmorton Street Capital Limited	England & Wales	100 00%	Dormant
ALL IPO Plc	England & Wales	100 00%	IPO information web site

NOTES TO THE FINANCIAL STATEMENTS

15. Investments in associates

ALL IPO Plc	£'000
At 1 July 2008	1,187
Share of associate's losses	(282)
At 30 June 2009	905
Share of associate's losses for this year pre-acquisition	(18)
Acquisition of remaining shares*	(887)
At 30 June 2010	-

*On 22 July 2009 ADVFN Plc acquired the remaining share capital of ALL IPO Plc For the details of this acquisition please refer to note 29

Interests in associates at net book value include

	2010 £'000	2009 £'000
Listed investments	-	905
Listed investments at market value	-	158

Summarised information for ALL IPO plc is set out below

	2010 £'000	2009 £'000
Revenues	-	187
Loss for the period	-	(524)
Total assets	-	2,517
Total liabilities	-	(62)
At 30 June	-	2,455

NOTES TO THE FINANCIAL STATEMENTS

16. Deferred income tax

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the current and prior periods

	Intangible assets	Website development costs	US tax losses	UK tax losses	Total
	£'000	£'000	£'000	£'000	£'000
At 1 July 2008	(496)	(370)	71	370	(425)
Credit/(charge) to income statement	55	36	56	(36)	111
At 30 June 2009	(441)	(334)	127	334	(314)
Acquisition of All IPO Plc	(351)	-	-	-	(351)
Credit/(charge) to income statement	162	55	(89)	195	323
At 30 June 2010	(630)	(279)	38	529	(342)

Certain deferred tax assets and liabilities have been offset The following is the analysis of the deferred tax balances, after offset, for the purposes of financial reporting

	2010	2009
	£'000	£'000
Deferred tax liabilities	(909)	(775)
Deferred tax assets	567	461
	(342)	(314)

At the balance sheet date the Group had unused tax losses of £6,756,000 (2009 £6,222,000) available for offset against future profits A deferred tax asset has been recognised in respect of £2,025,000 (2009 £1,645,000) of such losses, as their utilisation based on trading forecasts is deemed to be probable No deferred tax asset has been recognised in respect of the remaining £4,731,000 (2009 £4,577,000) due to the unpredictability of future profit streams Substantially all of the losses may be carried forward indefinitely

17 Trade and other receivables

	2010	2009
	£'000	£'000
Non-current assets		
Other receivables	113	204
Current assets		
Trade receivables	607	580
Other receivables	2	1
Prepayments and accrued income	281	396
	890	977

The Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored

NOTES TO THE FINANCIAL STATEMENTS

18 Credit quality of financial assets

As of 30 June 2010, trade receivables of £249,000 (2009 £570,000) were past due but not impaired These relate to a number of independent customers for whom there is no recent history of default The ageing analysis of these overdue trade receivables is as follows

	2010 £'000	2009 £'000
Trade receivables		
Not more than 3 months	196	468
More than 3 months but not more than 6 months	33	64
More than 6 months but not more than 1 year	20	38
	249	570

Impaired receivables allowance account

	2010 £'000	2009 £'000
At 1 July	34	43
Utilised during the year	(39)	(49)
Created during the year	48	40
At 30 June	43	34

The carrying amount of the Group's trade and other receivables is denominated in the following currencies

	2010 £'000	2009 £'000
Sterling	442	613
Euro	46	38
US dollar	234	134
	722	785

19. Financial instruments

Categories of financial instrument	2010 £'000	2009 £'000
Other financial assets - available for sale	8	32
Available for sale – UK Government gilts	701	-
Trade and other receivables - loans and receivables	609	785
Trade and other receivables – non-financial assets	373	192
	1,691	1,009
Cash and cash equivalents- loans and receivables	1,599	1,509
Trade and other payables – other financial liabilities at amortised cost	1,317	1,261
Trade and other payables – non financial liabilities	299	272
	1,616	1,533

Other financial assets which are available for sale relate to listed investments which are stated at their market value at 30 June 2010 The directors consider that the fair value of the other financial assets and liabilities is not materially different from the value set out in the table above due to their short term nature

The fair value of the listed investments and UK government gilts is their quoted price on the active market on which they are traded

NOTES TO THE FINANCIAL STATEMENTS

23. Share capital

	Shares	£'000
Authonsed share capital		
Ordinary shares of £0 01 each		
1 July 2008, 30 June 2009 and 30 June 2010	1,000,000,000	10,000
Issued, called up and fully paid Ordinary shares of £0 01 each		
At 30 June 2008	593,192,435	5,932
2 December 2008 Deferred consideration on acquisition of Equity Holdings Ltd	20,709,802	207
3 March 2009 Option exercise	250,000	3
11 March 2009 Option exercise	416,667	4
21 April 2009 Option exercise	999,999	10
At 30 June 2009	615,568,903	6,156
22 July 2009 Shares issued to acquire All IPO	7,236,769	72
18 Dec 2009 Option exercise	157,500	2
22 Dec 2009 Option exercise	667,333	7
12 May 2010 Option exercise	134,000	1
At 30 June 2010	623,764,505	6,238

Share price

The market value of the shares at 30 June 2010 was 4 67p (2009 2 85p) and the range during the year was 2 62p to 5 67p (2009 0 80p to 2 95p)

24 Share based payments

The Group uses share options as remuneration for services of employees Following the acquisition of the remaining shares in All IPO Plc the 5,117,026 share options outstanding in that company were cancelled and replaced with 2,230,162 share options in ADVFN PLC

Date of issue	Number issued	Weighted average share price (pence)	Weighted average exercise price (pence)	Expected volatility %	Expected life years	Risk free rate %	Weighted average fair value at grant (pence)
21 Oct 2009	2,230,162	3 95	3 056	59 05	5	5 3	2 45

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows

	2010 WAEP		2009 WAEP	
	Number	Price (pence)	Number	Price (pence)
Outstanding at the beginning of the year	34,302,510	3 30	40,642,511	3 19
Granted during the year	2,230,162	3 06	250,000	2 80
Exercised during the year	(958,833)	2 78	(1,666,667)	1 25
Forfeited during the year	-	-	(1,423,334)	2 05
Expired during the year	(1,448,512)	2 10	(3,500,000)	4 09
Outstanding at the year end	34,125,327	3 35	34,302,510	3 30
Exercisable at the year end	25,111,996	3 97	29,577,511	3 36

The fair value of options granted after 7 November 2002 has been arrived at using the Black-Scholes model The assumptions inherent in the use of this model are as follows

- The option life is assumed to be at the end of the allowed period
- There are no vesting conditions which apply to the share options other than continued service up to 3 years
- No variables change during the life of the option (e g dividend yield must be zero)
- Volatility has been calculated over the 3 years prior to the grant date by reference to the daily share price

NOTES TO THE FINANCIAL STATEMENTS

20 Cash and cash equivalents

	2010 £'000	2009 £'000
Cash at bank and in hand	1,569	1,459
Short term bank deposits	30	50
Cash and cash equivalents per cash flow statement	1,599	1,509

21. Trade and other payables

	2010 £'000	2009 £'000
Trade payables	1,088	1,085
Social security and other taxes	80	135
Other payables	-	121
Accrued expenses and deferred income	448	192
	1,616	1,533

22. Finance leases

Finance lease liabilities mature as follows

	2010 £'000	2009 £'000
Finance lease minimum payments		
Less than 1 year	17	35
Between 2 and 5 years	8	15
Total minimum lease payments	25	50
Future finance charges	(6)	(10)
Present value of finance leases	19	40
Present value of finance leases		
Less than 1 year	13	29
Between 2 and 5 years	6	11
	19	40

NOTES TO THE FINANCIAL STATEMENTS

The options outstanding at the year-end are set out below

Expiry date	Exercise Price (p)	2010 Share options	2010 Remaining life	2009 Share options	2009 Remaining life
7 year expiry					
18 February 2010	1 250	-	-	898,512	1
27 January 2011	4 750	6,300,000	1	6,400,000	2
7 July 2011	3 375	-	-	295,000	3
27 January 2012	4 600	7,149,998	2	7,149,998	3
6 September 2013	3 300	8,250,000	4	8,650,000	5
10 April 2014	2 550	517,667	4	851,000	5
11 December 2014	2 250	638,000	5	906,000	6
20 December 2014	2 325	402 000	5	402,000	6
7 July 2015	2 800	250,000	6	250,000	7
10 June 2018	1 750	5,500,000	8	5,500,000	9
10 June 2018	1 250	3,000,000	8	3,000,000	9
5 year expiry					
21 October 2014	3 056	2,117,662	4	-	-
		34,125,327	4	34,302,510	5

958,833 options were exercised during the year, the weighted average share price at the date of exercise was 2 78p

The total expense recognised during the year by the Group, for all schemes, was £43,000 (2009 £31,000)

25 Operating lease commitments

The following payments are due to be made on operating lease commitments which are all leases on office accommodation

Land & buildings	2010 £'000	2009 £'000
Within one year	201	209
Two to five years	455	250
Over five years	513	-
	1,169	459

NOTES TO THE FINANCIAL STATEMENTS

26 Financial risk management

The Group's activities expose it to a variety of financial risks market risk (primarily foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance Risk management is carried out by the Board and their policies are outlined below

a) Market risk

Foreign exchange risk

The Group is exposed to translation and transaction foreign exchange risk as it operates within the USA and other countries around the world and therefore transactions are denominated in Sterling, Euro, US Dollars and other currencies The Group policy is to try and match the timing of the settlement of sales and purchase invoices so as to eliminate, as far as possible, currency exposure

The Group does not hedge any transactions and foreign exchange differences on retranslation of foreign assets and liabilities are taken to the income statement

The carrying value of the Group's foreign currency denominated assets and liabilities are set out below

	2010		2009	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
US Dollars	604	299	347	277
Euros	97	56	99	39
Yen	2	15	2	19
	703	370	448	335

The majority of the group's financial assets are held in Sterling but movements in the exchange rate of the US Dollar and the Euro against Sterling have an impact on both the result for the year and equity The Group considers its most significant exposure is to movements in the US Dollar

Sensitivity to reasonably possible movements in the US Dollar exchange rate can be measured on the basis that all other variables remain constant The effect on profit of strengthening or weakening of the US Dollar in relation to sterling by 10% would result in a movement of ±£26,000 (2009 ±£7,000)

Interest rate risk
As the Group carries no borrowings other than finance leases at fixed rates of interest the directors consider that there is no significant interest rate risk

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored The maximum exposure to credit risk is the value of the outstanding amount

Provision of services by members of the Group results in trade receivables which the management consider to be of low risk, other receivables include subscription monies from shareholders and are likewise considered to be low risk The management do not consider that there is any concentration of risk within either trade or other receivables No trade or other receivables have been impaired

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings The maximum exposure is the amount of the deposit

Credit risk in relation to UK Government gilts is considered to be negligible

NOTES TO THE FINANCIAL STATEMENTS

c) Liquidity risk

The Group currently holds substantial cash balances in Sterling, US Dollars and Euros to provide funding for normal trading activity The Group also has access to additional equity funding and, for short term flexibility, overdraft facilities would be arranged with the Group's bankers Trade and other payables are monitored as part of normal management routine

2010	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Trade and other payables	1,088	-	-	-
Accruals	229	-	-	-
Finance lease creditors	17	8	-	-

2009	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Trade and other payables	1,085	-	-	-
Accruals	161	-	-	-
Finance lease creditors	35	15	-	-

d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other members The Group will also seek to minimise the cost of capital and attempt to optimise the capital structure Currently no dividends are paid to shareholders and capital for further development of the Group's activities is achieved by share issues The Group does not carry significant debt

27. Capital commitments

At 30 June 2010 the Group had no capital commitments (2009 £nil)

28. Related party transactions

The Company paid management charges of £41,400 (2009 £41,400) to On-line plc during the year On-line plc is related by virtue of having common directors, M J Hodges, C H Chambers and J B Mullins and as On-line holds approximately 18 32% of the shares in the company In addition, advertising recharges were paid amounting to £72,000 (2009 £91,000)

During the year Edward Hunter Associates Limited, a company in which R A Emmet was a director, received fees of £12,000 (2009 £ nil) for recruiting staff for the company

There were no other related party transactions

NOTES TO THE FINANCIAL STATEMENTS

29 Acquisition of the balance of shares in ALL IPO Plc

In order to expand the services provided by the Group, on 22 July 2009 the Company acquired the remaining share capital of ALL IPO Plc, which it did not already own, representing 62 93% of the voting rights

Consideration in the form of shares had been issued totalling 7,236,769 shares at the market value on 4 August 2009 of 2 7 pence per share This amounted to £195,393 Those shareholders choosing the cash alternative have been paid a total of £31,216 The consideration therefore amounts to £226,609

	At book value	Fair value adjustments	At fair value
	£'000	£'000	£'000
Intangible assets	2,398	(2,398)	-
Intangibles identified at acquisition	-	1,255	1,255
Property, plant and equipment	37	-	37
Receivables (including Corporation Tax refundable)	58	-	58
Cash and cash equivalents	9	-	9
Deferred tax liability	-	(351)	(351)
Payables	(109)		(109)
Net assets	2,393	(1,494)	899
Fair value of previously held associate investment			(333)
Goodwill (negative)			(340)
Consideration			226
Satisfied by			
Cash			31
Shares			195
			226

A deferred tax liability was created when the separable intangible assets at acquisition were recognised This amounted to £351,000 and was written down during the year by £64,000 in line with the intangible assets' carrying value

The Group's holding in All IPO Plc prior to the acquisition, amounting £887,000 was written down to its fair value of £333,000, as indicated by the value of the current year acquisition This resulted in a charge to the income statement of £554,000 Negative goodwill created at the acquisition of the controlling interest of All IPO Plc amounted to £340,000 and as required by IFRS 3 (revised) Business Combinations this has been credited to the income statement The net result was a charge of £214,000 in the period

The acquisition of All IPO resulted in the following cash flows

	£'000
Acquisition costs included in administrative expenses	60
Revenue from All IPO included in the consolidated financial statements since acquisition	176
Loss from All IPO included in the consolidated financial statements since acquisition	(161)
Revenues from All IPO as if it had been included in the consolidated financial statements from 1 July 2009	191
Loss from All IPO as if it had been included in the consolidated financial statements from 1 July 2009	(209)
Revenues from the combined entity as if it had been included in the consolidated financial statements from 1 July 2009	8,491
Profit from the combined entity as if it had been included in the consolidated financial statements from 1 July 2009	59

Following the acquisition of the remaining shares in All IPO Plc the 5,117,026 share options outstanding in that company were cancelled and replaced with 2,230,162 share options in ADVFN PLC This modification resulted in a fair value increase of £15,000 which has been charged to the income statement

30 Events after the balance sheet date

There were no significant events which took place after the balance sheet date

COMPANY FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITIES FOR THE COMPANY FINANCIAL STATEMENTS

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

Company law requires the directors to prepare parent company financial statements for each financial year Under that law the directors have elected to prepare parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The parent company financial statements are required by law to give a true and fair view of the state of affairs of the company for that year In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

Independent auditor's report to the members of ADVFN PLC

We have audited the parent company financial statements of ADVFN plc for the year ended 30 June 2010 which comprise the parent company balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 42, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Other matter

We have reported separately on the group financial statements of ADVFN plc for the year ended 30 June 2010

Grant Thornton UK LLP

Stephen P S Weatherseed
Senior Statutory Auditor
for an on behalf of Grant Thomton UK LLP
Statutory Auditors, Chartered Accountants
Gatwick
20 September 2010

COMPANY BALANCE SHEET

	Note	At 30 June 2010 £'000	At 30 June 2009 £'000
Fixed assets			
Tangible assets	4	987	1,254
Investments	5-6	3,066	2,760
		4,053	4,014
Current assets			
Debtors	7	1,509	1,927
Investments	8	701	15
Cash at bank and in hand		1,383	1,346
		3,593	3,288
Creditors: amounts falling due within one year	9	(1,531)	(1,396)
Net current assets		2,062	1,892
Total assets less current liabilities		6,115	5,906
Creditors: amounts falling due after more than one year	10	-	(11)
Net assets		6,115	5,895
Capital and reserves			
Called up share capital	11	6,238	6,156
Share premium account	12	7,900	7,758
Share based payment reserve	12	480	452
Merger reserve	12	221	221
Profit and loss account	12	(8,724)	(8,692)
Shareholders' funds	13	6,115	5,895

The financial statements on pages 44 to 52 were authorised for issue by the Board of Directors on 20 September 2010 and were signed on its behalf

C. H. Chambers

Clem Chambers
Managing Director

The accompanying accounting policies and notes form an integral part of these financial statements

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Accounting convention
The parent company financial statements have been prepared under United Kingdom Generally Accepted Accounting Practice using the historical cost convention as modified by the revaluation of certain financial instruments and in accordance with the Companies Act 2006 and applicable accounting standards The particular accounting policies adopted by the directors are described below and are considered suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates in accordance with FRS 18

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment No depreciation is charged during the period of construction Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful economic lives The rates generally applicable are

Leasehold improvements	over the period of the lease
Computer equipment	33%
Office equipment	20%
Website development costs	see below

Website development costs
Website development costs represent the design and content cost associated with the development of financial software They are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least equal to the amount capitalised They are recorded in the balance sheet in the year in which they are incurred, in accordance with FRS 15 'Tangible fixed assets' and UITF 29 'Website development costs' Such costs are amortised over their useful economic life of two, three or five years as appropriate

Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date Deferred tax balances are not discounted

Investments
Fixed asset investments are included at cost less amounts written off Current asset investments are included at market value where they are traded on an active market Unrealised gains and losses on current asset investments are recognised in the statement of total recognised gains and losses Profit or loss on disposal of current asset investments is the difference between sale proceeds and carrying value

Leased assets
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful economic lives The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term

Defined contribution pension costs
Pension costs are charged in the year in which they are incurred

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date All other exchange differences are dealt with through the profit and loss account

Financial instruments
Classification as equity or financial liability
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities Shares containing such obligations are classified as financial liabilities

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability

An equity instrument is any contract that evidences a residual interest in the assets of the group/company after deducting all of its liabilities Dividends and distributions relating to equity instruments are debited directly to reserves

Share based payments
The Company recognises a charge to the profit and loss account for all applicable share based payments, including share options The Company has equity-settled share based payments but no cash-settled share based payments All share based payments awards granted after 7 November 2002 which had not vested prior to 1 July 2006 are recognised in the financial statements at their fair value at the date of grant

As vesting periods and non-market based vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of share options expected to vest Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates Any cumulative adjustment prior to vesting is recognised in the current period All equity-settled share based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to the option valuation reserve

NOTES TO THE COMPANY FINANCIAL STATEMENTS

2. COMPANY PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements The parent company's result after taxation for the financial year was a loss of £32,000 (2009 profit £5,000) The auditor's remuneration for the statutory audit was £22,000 (2009 £22,000)

3 STAFF COSTS

Employee costs including directors

	Year to 30 June 2010 £'000	Year to 30 June 2009 £'000
Wages and salaries	1,915	1,945
Social security costs	196	198
Pension	24	29
Share based payments	27	30
	2,162	2,202

For details of directors' remuneration, see the Remuneration Report on page 10

The average monthly number of employees during the year was as follows

	Year to 30 June 2010	Year to 30 June 2009
Development	11	19
Sales and Administration	21	17
	32	36

NOTES TO THE COMPANY FINANCIAL STATEMENTS

4 TANGIBLE FIXED ASSETS

	Leasehold property improvements £'000	Computer equipment £'000	Office equipment £'000	Website development costs £'000	Total £'000
Cost					
At 1 July 2008	48	924	106	3,483	4,561
Additions	-	15	-	676	691
At 30 June 2009	48	939	106	4,159	5,252
Additions	-	35	-	511	546
At 30 June 2010	48	974	106	4,670	5,798
Depreciation					
At 1 July 2008	37	807	106	2,155	3,105
Charge for the year	5	79	-	809	893
At 30 June 2009	42	886	106	2,964	3,998
Charge for the year	5	47	-	761	813
At 30 June 2010	47	933	106	3,725	4,811
Net book value					
At 30 June 2010	1	41	-	945	987
At 30 June 2009	6	53	-	1,195	1,254

The cost of property, plant and equipment held under finance leases is £125,000 (2009 £125,000), accumulated depreciation is £125,000 (2009 £107,000) giving a net book value of £Nil (2009 £18,000) Finance charges included in lease payments made during the year amounted to £8,000 (2009 £11,000)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

5 INVESTMENT IN SUBSIDIARIES

	Subsidiaries £'000
At 1 July 2008	2,760
Additions	-
Disposals	-
At 30 June 2009	2,760
Additions	306
Disposals	-
At 30 June 2010	3,066

Included within investment in subsidiaries at the balance sheet date are the following companies

	Country of incorporation	% interest in ordinary shares at 30 June 2010	Activity
Equity Holdings limited	England & Wales	100 00%	Holding company
Equity Development Limited	England & Wales	100 00%	Research services
Cupid Bay Limited	England & Wales	100 00%	Internet dating website
Fotothing limited	England & Wales	100 00%	Dormant
InvestorsHub com Limited	USA	100 00%	Financial information website
ADVFN Brazil Limited	England & Wales	100 00%	Dormant
E O Management Limited	England & Wales	100 00%	Dormant
Throgmorton Street Capital Limited	England & Wales	100 00%	Dormant
ALL IPO Plc	England & Wales	100 00%	IPO information web site

On 22 July 2009 the Company acquired the remaining share capital of ALL IPO Plc which was the balance of 62 93% of the voting rights The consideration amounted to £226,000 plus directly attributable transaction costs

6 INVESTMENT IN ASSOCIATE

	£'000
At 1 July 2007, 30 June 2008 and 30 June 2009	1
Acquisition of remaining shares in ALL IPO Plc (transferred to investments in subsidiaries)	(1)
At 30 June 2010	-

On 22 July 2009 the Company acquired the remaining share capital of ALL IPO Plc which was the balance of 62 93% of the voting rights The consideration amounted to £226,000

NOTES TO THE COMPANY FINANCIAL STATEMENTS

7 DEBTORS

	2010 £'000	2009 £'000
Over one year		
Other debtors	92	182
Within one year		
Trade debtors	417	379
Amounts owed by Group companies	459	991
Other debtors	-	1
Recoverable corporation tax	48	-
Deferred tax	250	-
Prepayments and accrued income	243	374
	1,509	1,927

The amounts due from Group undertakings are due after more than one year

8 CURRENT ASSET INVESTMENTS

	At 30 June 2010 £'000	At 30 June 2009 £'000
UK Government gilts	701	-
Unlisted investments	-	15

9 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 30 June 2010 £'000	At 30 June 2009 £'000
Trade creditors	994	1,032
Other tax and social security	163	197
Accruals and deferred income	364	136
Hire purchase and finance leases	9	29
Amounts owed to Group undertakings	1	2
	1,531	1,396

10 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	At 30 June 2010 £'000	At 30 June 2009 £'000
Hire purchase and finance leases	-	11
Maturity of finance lease obligations		
Between 1 and 2 years	-	11
Between 2 and 5 years	-	-
	-	11

NOTES TO THE COMPANY FINANCIAL STATEMENTS

11. SHARE CAPITAL

		Shares	£'000
Authorised share capital			
Ordinary shares of £0 01 each			
1 July 2008, 30 June 2009 and 30 June 2010		1,000,000,000	10,000
Issued, called up and fully paid Ordinary shares of £0 01 each			
At 30 June 2008		593,192,435	5,932
2 December 2008	Deferred consideration on acquisition of Equity Holdings Ltd	20,709,802	207
3 March 2009	Option exercise	250,000	3
11 March 2009	Option exercise	416,667	4
21 April 2009	Option exercise	999,999	10
At 30 June 2009		615,568,903	6,156
22 July 2009	Shares issued to acquire All IPO	7,236,769	72
18 Dec 2009	Option exercise	157,500	2
22 Dec 2009	Option exercise	667,333	7
12 May 2009	Option exercise	134,000	1
At 30 June 2010		623,764,505	6,238

Share price

The market value of the shares at 30 June 2010 was 4 67p (2009 2 85p) and the range during the year was 2 62p to 5 67p (2009 0 80p to 2 95p)

12. RESERVES

	Share premium account £'000	Merger reserve £'000	Shares to be issued £'000	Option reserve £'000	Profit and loss account £'000
At 1 July 2008	**7,710**	**221**	**249**	**421**	**(8,697)**
Share option charge	-	-	-	31	-
Profit for the year	-	-	-	-	5
Share issues	48	-	(249)	-	-
At 30 June 2009	**7,758**	**221**	**-**	**452**	**(8,692)**
Share option charge	-	-	-	28	-
Profit for the year	-	-	-	-	(32)
Share issues	142	-	-	-	-
At 30 June 2010	**7,900**	**221**	**-**	**480**	**(8,724)**

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
(Loss) / profit for the financial year	(32)	5
Issue of shares	224	272
Additional contingent consideration to acquire subsidiary	-	(249)
Share option charge	28	31
Net increase in shareholders' funds	220	59
Shareholders' funds at 1 July brought forward	5,895	5,836
Shareholders' funds at 30 June	6,115	5,895

NOTES TO THE COMPANY FINANCIAL STATEMENTS

14 RELATED PARTY TRANSACTIONS

The Company paid management charges of £41,400 (2009 £41,400) to On-line plc during the year On-line plc is related by virtue of having common directors, M J Hodges, C H Chambers and J B Mullins and as On-line holds approximately 18 32% of the shares in the company In addition, advertising recharges were paid amounting to £72,000 (2009 £91,000)

During the year Edward Hunter Associates Limited, a company in which R A Emmet was a director, received fees of £12,000 (2009 £ nil) for recruiting staff for the company

Commissions were payable by ADVFN PLC to Investors HUB com Inc amounting to £387,000

The following intercompany balances existed at the year end

	2010 £'000	2009 £'000
All IPO Plc	176	(2)
Cupid Bay Ltd	-	513
Investors HUB com Inc	230	407
On-Line Plc	2	-
Equity Developments Ltd	(3)	-
	405	918

There were no other related party transactions

15 CAPITAL COMMITMENTS

The company had no capital commitments at 30 June 2010 or 30 June 2009

16. SHARE BASED PAYMENTS

The ADVFN Plc equity settled share based payment scheme is fully disclosed in note 24 to the Group consolidated accounts above

17 OPERATING LEASE COMMITMENTS

At 30 June 2010 the Company had annual commitments under non-cancellable operating leases expiring as follows

Land & buildings	2010 £'000	2009 £'000
Within one year	159	162
Two to five years	403	197
Over five years	513	-
	1,075	359

18 ACCOUNTS

Copies of these accounts are available from the Company's registered office at Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA or from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ

www companieshouse gov uk

and from the ADVFN plc website

www ADVFN com