ADVFN Plc Interim Report
Six months ended 31st December 2007

ADVFN PLC

Unaudited Interim Results for the Six Months Ended 31 December 2007

ADVFN, Europe's leading stocks and shares website, today announces its unaudited interim results for the six months ended 31 December 2007.

Highlights:

- **Turnover up 26.4% to £3.34M (2006 : £2.64M)**
- **Loss after tax - down 39% to £572,000 (2006: £938,000)**
- **Loss per share reduced by over 41% to 0.10p (2006: 0.17p)**
- **Cash neutral for the six month period with cash in hand of £1.367M (June 2007: £1.358M)**
- **ADVFN user numbers up almost 50% to 1.2M (2006 : 810K)**
- **Total group user numbers up over 22% to 3.8M at the report date compared to 3.1M at the last interim report date of 30 March 2007**

Clem Chambers, CEO of ADVFN commented:

"The first six months have given us continued growth in all our main markets."

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Chief Executive's Statement

Operating Review

I am pleased to present another set of positive results which show turnover up 26.4% to £3.34M for the six month period ending 31st December 2007 compared to the similar period last year.

During this period we have continued to experience strong growth against a background of market volatility and have even been able to benefit from the current market conditions. Traffic has grown significantly and alongside that, subscription numbers have grown apace. We continue to run at all time high levels of advertising and subscription numbers.

We have, over the years, stressed the importance of our international plans and this period has validated that strategy as we have seen further growth and development in the international arena. While the UK continues to grow, it is clearly a sign of things to come that for every one extra subscriber we add in the UK, we are adding three additional new subscribers in overseas markets. ADVFN has established its business model over eight years in the UK, so that this growth in international business is a strong sign of the long-term growth potential that lies ahead. As we monetise this international usage we also expect overall traffic to continue to rise. Recent market turbulence has generated unprecedented usage levels and has introduced a wider global audience to ADVFN. This in turn is increasing the level of new registrations. We expect this to be part of a virtuous circle, with a broad horizon of opportunity for ADVFN to develop.

While this expansion is ongoing, it is gratifying to be able to report that cash balances remain relatively constant, with cash levels marginally ahead of the last year-end and similar to the last interim period -end. The board has and continues to work hard on controlling costs in an environment that remains geared towards growing the company.

Financial performance

Key financial performance for the period has been summarised as follows:

	Six months ended 31 December 2007	Six months ended 31 December 2006	Change	Change
	£'000	**£'000**	**£'000**	**%**
Turnover	3,342	2,644	698	26
Loss after tax	(572)	(938)	366	39
Loss per share	(0.10p)	(0.17p)	0.07p	41

Current Trading

Since the year-end we have continued to grow in line with previous levels. It has always been a question as to what the impact of a bear market would be on ADVFN and so far, if one takes the current bear market to have begun last summer, it would appear that ADVFN is not negatively impacted by tough market conditions. This was our previous experience in the downturn of 2000-2003 but nonetheless it is extremely pleasing to see this was not simply a one-off.

Prospects

Long-term shareholders may note that recent statements have de-emphasised both CupidBay and Fotothing our two other web properties. This is not because they are suffering harsh market conditions, but instead simply because they are not demonstrating the sort of exciting growth and potential of the ADVFN site and its international properties. They continue to generate sales without being a drain on the group’s resources, and represent an inherent value we continue to explore at both a business and strategic level.

Meanwhile progress on the ADVFN sites remains exciting on many levels and we feel that we are continuing to make good progress towards the goal of becoming a global platform for financial information. This is a big target but one that we feel increasingly confident we can deliver as overseas markets increasingly open up to us. The biggest opportunity remains of course the US, and we are focusing tightly on InvestorsHub and Silicon Investor as a bridgehead for this effort. Traffic is strong for both these sites, particularly with InvestorsHub and we feel this effort is starting to pay off. With growth across the UK, Brazil, France, Italy, Japan and the US and with the potential to open localised sites in any number of other attractive countries, the prospects from growth are very bright.

ADVFN is a business which is active 24 hours a day, 7 days a week, 365 days a year which relies on great dedication. I would like to take this opportunity to thank our hard working staff who have to contend with the strains of rapid growth in both customers and traffic.

Clem Chambers
CEO
31st March 2008

Condensed consolidated income statement

	Notes	6 months to 31 Dec 2007 £'000 unaudited	6 months to 31 Dec 2006 £'000 unaudited	12 months to 30 June 2007 £'000 unaudited
Revenue		3,342	2,644	6,022
Cost of sales		(317)	(223)	(513)
Gross profit		3,025	2,421	5,509
Share based payments		(50)	(78)	(169)
Amortisation of intangible assets		(541)	(307)	(926)
Impairment of financial asset		-	-	(1)
Other administrative expenses		(3,065)	(2,621)	(5,427)
Operating loss		(631)	(585)	(1,014)
Net finance income		17	8	34
Result from associates after taxation		(273)	(372)	(738)
Loss before tax		(887)	(949)	(1,718)
Taxation		315	11	340
Loss for the period		(572)	(938)	(1,378)
Loss per share				
Basic and diluted (pence per share)	5	(0.10)	(0.17)	(0.24)

Condensed consolidated balance sheet	Notes	31 Dec 2007 £'000 unaudited	31 Dec 2006 £'000 unaudited	30 June 2007 £'000 unaudited
Assets				
Non-current assets				
Property, plant and equipment		258	299	258
Goodwill		1,388	1,388	1,388
Intangible assets		2,696	2,941	2,853
Investments in associates		1,288	1,909	1,595
Trade and other receivables		206	204	206
Total non-current assets		5,836	6,741	6,300
Current assets				
Trade and other receivables		1,305	821	1,209
Other financial assets (available for sale)		68	42	59
Other short term financial assets		13	-	13
Cash and cash equivalents		1,367	1,382	1,358
Total current assets		2,753	2,245	2,639
Total assets		**8,589**	**8,986**	**8,939**
Equity and liabilities				
Equity				
Issued capital		5,932	5,870	5,870
Share premium		7,710	7,607	7,600
Shares to be issued		166	332	332
Merger reserve		221	221	221
Share based payments reserve		393	252	335
Foreign exchange reserve		(6)	(138)	(92)
Retained earnings		(7,939)	(6,927)	(7,367)
Total equity		6,477	7,217	6,899
Non-current liabilities				
Deferred tax		372	445	394
Obligations under finance leases		22	41	20
Total non-current liabilities		394	486	414
Current liabilities				
Trade and other payables		1,718	1,283	1,626
Total current liabilities		1,718	1,283	1,626
Total liabilities		2,112	1,769	2,040
Total equity and liabilities		**8,589**	**8,986**	**8,939**

Condensed consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Merger reserve £'000	Other reserve £'000	Foreign exchange £'000	Retained earnings £'000	Total equity £'000
At 1 July 2006	4,798	5,634	498	221	174	-	(5,989)	5,336
Exchange differences on translation of foreign operations						(138)		(138)
Net income recognised directly in equity						(138)		(138)
Loss for the period after tax							(938)	(938)
Total recognised income and expense						(138)	(938)	(1,076)
Issue of shares	1,072	2,147	(166)					3,053
Associated costs		(174)						(174)
Equity settled share options					78			78
At 31 December 2006	5,870	7,607	332	221	252	(138)	(6,927)	7,217
Exchange differences on translation of foreign operations						46		46
Net income recognised directly in equity						46		46
Loss for the period after tax							(440)	(440)
Total recognised income and expense						46	(440)	(394)
Costs associated with share issue		(7)						(7)
Equity settled share options					83			83
At 30 June 2007	5,870	7,600	332	221	335	(92)	(7,367)	6,899
Exchange differences on translation of foreign operations						(4)		
Net income recognised directly in equity						(4)		(4)
Loss for the period after tax						90	(572)	(482)
Total recognised income and expense						86	(572)	(486)
Issue of shares	62	110	(166)					6
Equity settled share options					58			58
At 31 December 2007	5,932	7,710	166	221	393	(6)	(7,939)	6,477

Condensed consolidated cash flow statement

	Notes	6 months to 31 Dec 2007 £'000 unaudited	6 months to 31 Dec 2006 £'000 unaudited	12 months to 30 June 2007 £'000 unaudited
Cash flows from operating activities				
Loss for the period before tax		(887)	(949)	(1,718)
Finance costs in the income statement		(17)	(8)	(34)
Results for associates		273	372	738
Depreciation of non-current assets		67	101	180
Amortisation		541	307	926
Investment acquired as payment for services		(9)	-	(30)
Share based payments		58	78	169
(Increase) / decrease in trade and other receivables		(70)	(87)	(197)
Increase / (decrease) in trade and other payables		100	(216)	83
Net cash generated from / (used in) operations		56	(402)	117
Interest paid		-	-	(15)
Income tax receivable		267	-	-
Net cash generated by / (used in) operating activities		323	(402)	102
Cash flows from investing activities				
Interest received		17	8	49
Payments for property plant and equipment		(455)	(392)	(937)
Disposal of interest in associates		132	-	-
Purchase of subsidiary undertakings (net)		-	(1,637)	(1,624)
Net cash used in investing activities		(306)	(2,021)	(2,512)
Cash flows from financing activities				
Proceeds from issue of equity shares		6	3,053	3,053
Issue costs		-	(174)	(181)
Loans repaid (finance leases)		(6)	(12)	(34)
Net cash generated by financing activities		-	2,867	2,838
Net increase in cash and cash equivalents		17	444	428
Exchange losses		(8)	-	(8)
Total increase in cash and cash equivalents		9	444	420
Cash and cash equivalents at the start of the period		1,358	938	938
Cash and cash equivalents at the end of the period		1,367	1,382	1,358

1. Basis of preparation

The unaudited consolidated interim financial information is for the six month period ended 31 December 2007. The financial information has been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 30 June 2008 or are expected to be adopted and effective at 30 June 2008, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU. The interim financial information does not include all of the information required for full annual financial statements.

From 1 July 2006 the Group has adopted International Financial Reporting Standards (IFRS) in the preparation of its consolidated financial statements. Comparative financial information previously published under UK Generally Accepted Accounting Principles has been restated on an IFRS basis for the opening balance sheet as at 1 July 2006, interim accounts as at 31 December 2006 and for the year end 30 June 2007. The change in the groups reported performance and financial position on adopting IFRS is fully disclosed in these interim consolidated financial statements.

The interim financial information has not been audited nor has it been reviewed under ISRE 2410 of the Auditing Practices Board. The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 30 June 2007 prepared under UK GAAP have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.

2. First time adoption

The opening IFRS balance sheet as at the date of transition on 1 July 2006 has been prepared with regard to the measurement and recognition rules of IFRS 1 'First time adoption'. The most significant optional exemptions adopted are set out below:-

a) IFRS 3 Business combinations
Business combinations prior to the date of transition to IFRS need not be restated (IFRS 1 'First time adoption of IFRS').

b) IAS 21 'The effects of foreign exchange differences'
Cumulative translation differences which exist at the date of transition can be transferred into retained earnings and the foreign exchange reserve therefore only shows differences arising after transition. Upon disposal, pre-transition foreign exchange differences will not be recycled (IFRS 1 'First time adoption of IFRS').

3. Accounting policies

The principal accounting policies adopted by the group in conformity with the IFRSs in force at 30 June 2007 are set out below.

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.

The group uses the purchase method of accounting for the acquisition of a subsidiary. The cost of an acquisition is measured by the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. 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. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

3. Accounting policies (continued)

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 a 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 in 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 are recognised 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.

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
- 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 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. Dividends received, other than those from investments in associates, are recognised at the time of their distribution. 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.

3. Accounting policies (continued)

Intangible assets
- *Licenses*
Licences are amortised over a five year period on a straight line basis.

- *Goodwill*
Goodwill is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. 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.

- *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.

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 their fair values can be measured reliably. 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 10 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:

Short 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

3. 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, other intangible assets with an indefinite useful life 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 and financial instruments. Financial instruments are sub divided into receivables and available for sale financial assets. 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. They are measured at fair value with gains and losses arising on their fair value being included in the income statement. 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.

Dividend distributions to shareholders are included when the dividends are approved by the shareholder’s meeting.

3. 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 tangible assets 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.

3. Accounting policies (continued)

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 additional paid in capital, 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.

4. Segmental reporting

The Group has a single class of business; that of developing and providing financial information primarily via the internet. The group maintains information on the location of subscribers and the secondary segmental analysis is by subscriber location.

5. Earnings per share

	6 months to 31 Dec 2007 £'000	6 months to 31 Dec 2006 £'000	12 months to 30 June 2007 £'000
Loss for the year attributable to equity shareholders	(572)	(938)	(1,378)
Loss per share			
Basic and diluted (pence per share)*	(0.10)	(0.17)	(0.24)
	'000 Shares	'000 Shares	'000 Shares
Issued ordinary shares at start of the period	586,979	479,805	479,805
Ordinary shares issued in the period	6,213	107,174	107,174
Issued ordinary shares at end of the period	593,192	586,979	586,979
Weighted average number of shares in issue for the period	589,763	544,618	565,331

*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.

6. Business combination

On 25 September 2006 the group acquired the entire share capital of InvestorsHub.com Inc. which also encompassed the business of SI Holdings LLC for a consideration of US$ 3,000,000 (£1,637,000) satisfied entirely by cash.

The Group acquired assets at a book value of £36,000 and in addition the Group also recognised separable intangible assets amounting to £1,522,000 comprising brand names, visitors and subscriber lists. The assets acquired and the adjustments made are as follows:

	Book value	Fair value adjustments	Fair value
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	8	-	8
Intangible assets (identified at acquisition)	-	1,522	1,522
	8	1,522	1,530
Current assets			
Trade and other receivables	24	-	24
Cash and cash equivalents	13	-	13
	37	-	37
Current liabilities			
Trade payables	(9)	-	(9)
Non-current liabilities			
Deferred tax	-	(456)	(456)
Net assets	36	1,066	1,102
Fair value of consideration			(1,637)
Goodwill for this transaction			535

The following separable intangible assets were recognised on acquisition together with the deferred tax impact of the recognition as follows:

Intangible	Amortisation	Deferred tax	Fair value
		£'000	£'000
Brand names	10 years	(12)	41
Subscriber (customer lists)	10 years	(114)	381
Visitors (non customer relationships)	10 years	(330)	1,100
		(456)	1,522

7. Transition to IFRS

As stated in the Basis of Preparation these are the Group's first condensed consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements to be prepared in accordance with IFRS.

IFRS permits Groups adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These interim financial statements have been prepared on the basis of taking the following exemptions:

IFRS 3 'Business combinations'
Business combinations that occurred before the opening IFRS balance sheet date are exempt from the application of the standard.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out below.

IFRS 1 'First time adoption of IFRS'
The presentation and recognition requirements of this standard demand that the element of debtors which is over one year must be shown in the 'Non-current assets' heading and not, as previously presented under UK GAAP, under the overall Debtors heading within 'Current assets'.

IFRS 3 'Business combinations' and IAS 12 'Income taxes'.
By claiming the exemption from applying the standard retrospectively the Group will stop amortising positive goodwill at the transition date and, instead, it becomes the subject of regular impairment tests. In addition, the separable intangibles recognised on acquisitions after the transition date will be shown under the intangible assets heading and amortised in line with the Group accounting policy. Deferred tax is recognised on the separable intangible assets resulting from the acquisition and a deferred tax liability has resulted under IAS 12 'Income taxes'.

IAS 21 'The effects of foreign exchange differences'
Cumulative translation differences which exist at the date of transition can be transferred into retained earnings and the foreign exchange reserve therefore only shows differences arising after transition. Upon disposal, pre-transition foreign exchange differences will not be recycled (IFRS 1 'First time adoption of IFRS').

IAS 38 'Intangible assets'
Computer software and web site development costs are capitalised as a tangible asset under UK GAAP, however, under IFRS:

i) if the software is separate from the computer and its immediate operating system it must be regarded as a stand alone asset and recognised as an intangible asset and,

ii) the web site development costs are capitalised as an intangible asset under IFRS if they are recognised as such under IAS 38.

IAS 39 'Financial instruments, recognition and measurement'
Under UK GAAP current asset investments were carried at cost and the treatment under IFRS requires that the asset be recognised under one of four types, in this case 'available for sale', and that they be carried at fair value (in this case market value). The adjustment to fair value is taken directly to equity.

Detailed reconciliations between UK GAAP and IFRS of both equity and profit are shown below.

7. Transition to IFRS (continued)

Reconciliation of equity as at 1 July 2006

	UK GAAP £'000	IFRS 1 £'000	IFRS 3 £'000	IAS 38 £'000	IAS 39 £'000	IFRS £'000
Assets						
Non-current assets						
Property, plant and equipment	1,681			(1,409)		272
Goodwill	853					853
Intangible assets	21			1,409		1,430
Investments in associates	2,402					2,402
Trade and other receivables	-	203				203
Total non-current assets	4,957	203		-		5,160
Current assets						
Trade and other receivables	938	(203)				735
Financial assets (available for sale)	48				(5)	43
Other short term financial assets	-					-
Cash and cash equivalent	938					938
Total current assets	1,924	(203)			(5)	1,716
Total assets	**6,881**	-			(5)	**6,876**
Equity and liabilities						
Equity						
Issued capital	4,798					4,798
Share premium	5,634					5,634
Shares to be issued	498					498
Merger reserve	221					221
Share based payments reserve	174					174
Foreign exchange reserve	-					-
Retained earnings	(5,984)				(5)	(5,989)
Total equity	5,341				(5)	5,336
Non-current liabilities						
Deferred tax						
Obligations under finance leases	28					28
Total non-current liabilities	28					28
Current liabilities						
Trade and other payables	1,512					1,512
Total current liabilities	1,512					1,512
Total liabilities	1,540					1,540
Total equity and liabilities	**6,881**				(5)	**6,876**

7. Transition to IFRS (continued)

Reconciliation of equity as at 31 December 2006

	UK GAAP	IFRS 1	IFRS 3	IAS 38	IAS 39	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
Assets						
Non-current assets						
Property, plant and equipment	1,756			(1,457)		299
Goodwill	2,343		(955)			1,388
Intangible assets	-		1,484	1,457		2,941
Investments in associates	1,909					1,909
Trade and other receivables	-	204				204
Total non-current assets	6,008	204	529	-	-	6,741
Current assets						
Trade and other receivables	1,025	(204)				821
Financial assets (available for sale)	47				(5)	42
Other short term financial assets	-					-
Cash and cash equivalent	1,382					1,382
Total current assets	2,454	(204)			(5)	2,245
Total assets	**8,462**	-	529	**-**	(5)	**8,986**
Equity and liabilities						
Equity						
Issued capital	5,870					5,870
Share premium	7,607					7,607
Shares to be issued	332					332
Merger reserve	221					221
Share based payments reserve	252					252
Foreign exchange reserve	(138)					(138)
Retained earnings	(7,006)		84		(5)	(6,927)
Total equity	7,138		84		(5)	7,217
Non-current liabilities						
Deferred tax	-		445			445
Obligations under finance leases	41					41
Total non-current liabilities	41		445			486
Current liabilities						
Trade and other payables	1,283					1,283
Total current liabilities	1,283					1,283
Total liabilities	1,324		445			1,769
Total equity and liabilities	**8,462**		529		(5)	**8,986**

7. Transition to IFRS (continued)

Reconciliation of equity as at 30 June 2007

	UK GAAP	IFRS 1	IFRS 3	IAS 38	IAS 39	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
Assets						
Non-current assets						
Property, plant and equipment	1,703			(1,445)		258
Goodwill	2,280		(892)			1,388
Intangible assets	-		1,408	1,445		2,853
Investments in associates	1,595					1,595
Trade and other receivables	-	206				206
Total non-current assets	5,578	206	516	-	-	6,300
Current assets						
Trade and other receivables	1,415	(206)				1,209
Financial assets (available for sale)	65				(6)	59
Other short term financial assets	13					13
Cash and cash equivalent	1,358					1,358
Total current assets	2,851	(206)			(6)	2,639
Total assets	**8,429**	**-**	516	-	(6)	**8,939**
Equity and liabilities						
Equity						
Issued capital	5,870					5,870
Share premium	7,600					7,600
Shares to be issued	332					332
Merger reserve	221					221
Share based payments reserve	335					335
Foreign exchange reserve	(92)					(92)
Retained earnings	(7,483)		122		(6)	(7,367)
Total equity	6,783		122		(6)	6,899
Non-current liabilities						
Deferred tax			394			394
Obligations under finance leases	20					20
Total non-current liabilities	20		394			414
Current liabilities						
Trade and other payables	1,626					1,626
Total current liabilities	1,626					1,626
Total liabilities	1,646		394			2,040
Total equity and liabilities	**8,429**		516		(6)	**8,939**

7. Transition to IFRS (continued)

Reconciliation of profit for the 6 months ended 31 December 2006

	UK GAAP £'000	IFRS 3 £'000	IAS 38 £'000	IFRS £'000
Revenue	2,644			2,644
Cost of sales	(223)			(223)
Gross profit	2,421			2,421
Share based payment	(78)			(78)
Amortisation of intangible assets	(82)	73	(298)	(307)
Other administrative expenses	(2,919)		298	(2,621)
Operating loss	(658)	73	-	(585)
Net finance income	8			8
Result from associates after taxation	(372)			(372)
Loss before tax	(1,022)	73		(949)
Taxation	-	11		11
Loss for the period	(1,022)	84		(938)

Reconciliation of profit for the year ended 30 June 2007

	UK GAAP £'000	IFRS 3 £'000	IAS 38 £'000	IFRS £'000
Revenue	6,022			6,022
Cost of sales	(513)			(513)
Gross profit	5,509			5,509
Share based payment	(169)			(169)
Amortisation of intangible assets	(174)	60	(812)	(926)
Other administrative expenses	(6,239)		812	(5,427)
Operating loss	(1,073)	60	-	(1,013)
Net finance income	34			34
Result from associates after taxation	(738)			(738)
Loss before tax	(1,777)	60		(1,717)
Taxation	278	62		340
Loss for the period	(1,499)	122		(1,377)

7. Transition to IFRS (continued)

Cashflow

As a result of the transition to IFRS the following changes have resulted in the cashflow statement.

The definition of cash under UK GAAP is narrower than under IAS 7 ‘Cash flow statements’. Under IFRS highly liquid investments, readily convertible to a known amount of cash and with an insignificant risk of a change in value are regarded as cash equivalents. This does not include investments in listed shares held for sale.

Under UK GAAP payments to acquire property, plant and equipment were classified as part of ‘Capital expenditure and financial investment’ whilst under IFRS such payments have been reclassified as part of ‘Investing activities’.

There are no other material differences between the cashflow statement presented under IFRS and that presented under UK GAAP.

8. The directors do not recommend the payment of a dividend.

9. Copies of this statement are being posted to shareholders shortly and will be available from the company’s registered office at Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA and in electronic form from the Company's website, http://www.advfn.com/advfn_ir/.