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Company Registration Number: 5021789

**ODL Group Limited**  
**REPORT AND GROUP FINANCIAL STATEMENTS**  
**31 December 2005**



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# ODL Group Limited

## DIRECTORS' REPORT

### 31 December 2005

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The directors have pleasure in presenting their report and the audited financial statements of the group for the year ended 31 December 2005.

#### PRINCIPAL ACTIVITIES

ODL Group Limited acts as a non-trading holding company and, during the previous period, acquired ODL Securities Limited which is a diversified financial services company, a member of the London Stock Exchange and the London International Futures Exchange and is regulated by the Financial Services Authority Limited.

The principal activities of the Group are comprehensive dealing and brokerage to thirty six different exchanges and complete access to all foreign exchange markets, contract for differences, bond and equity markets and corporate finance. These are mainly conducted through ODL Securities Ltd and ODL Securities Inc.

#### RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 6. The profit for the year before taxation amounted to £6,976,177. Profit for the year after taxation amounted to £4,815,722.

The company paid a dividend of £344,372 for the year ended 31 December 2005 (2004 – £ Nil).

#### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

2005 has been a very significant year for ODL Group Limited. Following the injection of capital into the business in 2004 the business has increased turnover from £6.2m in 2004 to £17.2m in 2005. Subsequently profit after tax rose from £0.3m to £4.8m. Client numbers have risen sharply from 9,200 in December 2004 to 13,600 in December 2005 and client funds have risen from £33.6m in 2003 to £155.0m in 2005.

In all areas of the business substantial growth has been achieved with particular note to the Foreign Exchange desk, which now ranks as one of the largest non-bank participants in the market. Volumes have increased from \$9.4bn in February 2005 to \$45.5bn in February 2006. In addition, turnover in equities rose 75% in the same period.

The group's corporate finance department worked on 6 new issues in 2005 generating almost £1m in fees, utilising its class-leading knowledge and reputation within the resources sector. Max Petroleum, floated in late 2005 with a market capitalisation now of over £350m, proved to be one of the most successful AIM flotations of the year and further enhanced the group's reputation in the market.

To continue diversification we are pleased to announce that we now have a new energy trading team, along with new equity, fund management and FX teams. We have opened offices in Tokyo and the US and have also now relocated to 8<sup>th</sup> floor, Northern & Shell Building, 10 Lower Thames Street, to continue the expansion of our UK operations.

The group's strategy to have diversification of income resulted in the profit sharing agreement with Institutional Cash Deposits (ICD). This business now means that the group has assets under management of almost \$5bn from acting as the introducing broker to short term money market funds for the treasury departments of large multinational corporates.

Staff numbers have increased to 87, the main appointments being a new Chief Financial Officer and a Chief Operating Officer. These appointments will enable us to strengthen the management team to ensure consistent and sustainable growth.

The Directors look forward to the opportunities and challenges to be faced in 2006 and firmly believe that the company will further enhance its position and reputation in the market as a market-maker and broker.

ODL Group Limited  
DIRECTORS' REPORT  
31 December 2005

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**DIRECTORS AND DIRECTORS' INTERESTS**

The directors who held office during the year were as follows:

JP Thwaytes  
WTM Newton  
L Naldini  
GG Wellesley  
TP Glover (appointed 3 January 2006)

The directors' interests in the shares of the company were as follows:

	Ordinary shares of £0.01 each At 31 December 2005	Ordinary shares of £1 each
JP Thwaytes	34,349	183,510
WTM Newton	53,722	35,070
L Naldini	52,264	-
GG Wellesley	<u>52,264</u>	<u>-</u>

The interests of the directors holding office at 31 December 2005 in the company's share options were as follows:

	Number of shares	Exercise price	Date from which exercisable	Expiry date
JP Thwaytes	15,000	£3.445	30/01/04	29/01/14
WTM Newton	15,000	£3.445	30/01/04	29/01/14

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss for that year.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply these consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless in the directors' view the company will be unable to continue in business.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the group's assets and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

ODL Group Limited  
DIRECTORS' REPORT  
31 December 2005

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**AUDITORS**

On January 6<sup>th</sup> 2006 Baker Tilly resigned as the company's auditors with immediate effect. The Directors used their statutory powers to appoint Ernst & Young LLP to fill the vacancy in the office of auditor. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'JP Thwaytes', written in a cursive style.

JP Thwaytes  
Director

Date: 22 May 2006

# ODL Group Limited

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ODL GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of ODL Group Limited for the year ended 31 December 2005 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Directors' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# ODL Group Limited

## Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's profit for the year then ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP.*

Ernst & Young LLP

Registered auditor

London

22 May 2006

# ODL Group Limited

## GROUP PROFIT AND LOSS ACCOUNT For the year ended 31 December 2005

	<i>Note</i>	2005 £	2004 £
TRADING INCOME	2	17,251,092	4,945,436
Administrative expenses:			
Other		(10,274,915)	(3,818,330)
Exceptional items	4	<u>-</u>	<u>(631,224)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,976,177	495,882
Taxation	6	<u>(2,160,455)</u>	<u>(181,593)</u>
PROFIT AFTER TAXATION		4,815,722	314,289
Dividends Paid		<u>344,372</u>	<u>-</u>
RETAINED PROFIT	15	<u><u>4,471,350</u></u>	<u><u>314,289</u></u>

The group has no recognised gains or losses other than the profit for the year (2004 – nil)..



ODL Group Limited  
GROUP BALANCE SHEET  
At 31 December 2005

	Note	2005	2004
		£	£
FIXED ASSETS			
Tangible assets	7	3,342,056	1,003,427
		<u>3,342,056</u>	<u>1,003,427</u>
CURRENT ASSETS			
Investments	9	1,723,795	61,885
Debtors	10	5,852,506	1,505,744
Cash at bank and in hand including short term deposits			
- own funds		1,884,077	3,113,552
- client funds		155,007,798	129,854,734
		<u>164,468,176</u>	<u>134,535,915</u>
CREDITORS: amounts falling due within one year	11	(156,283,585)	(128,555,331)
		<u></u>	<u></u>
NET CURRENT ASSETS		8,184,591	5,980,584
		<u></u>	<u></u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,526,647	6,984,011
		<u></u>	<u></u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	(265,787)	(194,500)
		<u></u>	<u></u>
NET ASSETS		11,260,860	6,789,511
		<u></u>	<u></u>
CAPITAL AND RESERVES			
Called up equity share capital	13	2,028,687	2,028,687
Share premium account	14	4,446,535	4,446,535
Profit and loss account	15	4,785,639	314,289
		<u></u>	<u></u>
EQUITY SHAREHOLDERS' FUNDS	16	11,260,860	6,789,511
		<u></u>	<u></u>

The financial statements on pages 6 to 17 were approved by the board of directors on 22<sup>nd</sup> May 2006 and signed on its behalf by:



JP Thwaytes – Director



T P Glover – Finance Director

ODL Group Limited  
COMPANY BALANCE SHEET  
At 31 December 2005

	Note	2005	2004
		£	£
FIXED ASSETS			
Investments	8	4,356,907	4,284,182
CURRENT ASSETS			
Debtors	10	2,114,708	2,191,040
		<u>2,114,708</u>	<u>2,191,040</u>
CREDITORS: amounts falling due within one year		-	-
NET CURRENT ASSETS		2,114,708	2,191,040
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,471,615</u>	<u>6,475,222</u>
NET ASSETS		<u>6,471,615</u>	<u>6,475,222</u>
CAPITAL AND RESERVES			
Called up equity share capital	13	2,028,687	2,028,687
Share premium account	14	4,446,535	4,446,535
Profit and loss account	15	(3,607)	-
EQUITY SHAREHOLDERS' FUNDS	16	<u>6,471,615</u>	<u>6,475,222</u>

The financial statements on pages 6 to 17 were approved by the board of directors on 22<sup>nd</sup> May 2006 and signed on its behalf by:



JP Thwaytes – Director



T P Glover – Finance Director

**ODL Group Limited**  
**GROUP CASH FLOW STATEMENT**  
For the year ended 31 December 2005

	Note	£	2005 £	£	2004 £
CASH INFLOW FROM OPERATING ACTIVITIES	17		27,344,495		127,919,942
TAXATION					
Taxation paid			(178,253)		-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets		(2,898,282)		(489,235)	
Proceeds on disposal of tangible fixed assets		-		2,911	
			(2,898,282)		(486,324)
ACQUISITIONS					
Payments to subsidiary undertaking		-		(13,628)	
Net cash acquired with subsidiary undertaking	20	-		1,125,000	
			-		1,111,372
Dividends Paid			(344,372)		-
FINANCING					
Issue of ordinary share capital			-		4,423,296
INCREASE IN CASH	19		23,923,588		132,968,286

# ODL Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

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### 1 PRINCIPAL ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified by the valuation of derivative transactions and listed investments. No separate profit and loss account is presented for the company, as provided by section 230 of the Companies Act 1985.

The foreign exchange profit and loss account has been based on closing prices at 14.00 hours on 30 December 2005.

#### BASIS OF CONSOLIDATION

The group financial statements consolidate the accounts of the company and its subsidiary undertakings. Intra-group profits, assets and liabilities are eliminated on consolidation. Profits and losses of companies entering or leaving the group have been included from the date of acquisition or up to the date of disposal. The net assets of the subsidiaries acquired are included on the basis of their fair value.

#### TRADING INCOME

Trading income represents profits and losses on foreign currency trading, derivatives, and commissions receivable from broking activities; all foreign exchange and OTC option contracts are marked to market and the resulting unrealised profit or loss is recognised. Commissions receivable are credited to the profit and loss account on a trade date basis and in respect of corporate finance activities when the project is substantially complete.

#### INVESTMENTS

The investments held as current assets are stated at market value. Investments held as fixed assets are stated at cost less provision for impairment.

#### DEPRECIATION

Depreciation of tangible fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost over their expected useful lives, which are as follows:

MyBroker Website	-	4 years
Computer equipment	-	4 years
Furniture, fixtures and fittings	-	4 years
ODL Trader	-	4 years
Leasehold Improvements	-	4 years

#### LEASES AND HIRE PURCHASE CONTRACTS

Rentals paid under operating leases are charged to the profit and loss account as incurred.

#### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### FOREIGN CURRENCIES

The company operates a US\$ denominated profit and loss account on foreign exchange. All these balances are hedged daily to sterling. Any profit or loss arising from such hedging activity

**ODL Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

is included within operating profit. All monetary assets and liabilities are translated at the closing rate at 14:00 on 30<sup>th</sup> December 2005.

**FOREIGN SUBSIDIARIES**

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

**CLIENT MONEY**

The group holds money on behalf of clients in accordance with the Client Money Rules of the Financial Services Authority. Such monies and the corresponding liabilities to the clients are included in the balance sheet as disclosed in the notes.

**2 TRADING INCOME**

The group's trading income comprises a single segment; foreign exchange and derivatives trading and related broking activities, and is sourced from the UK to global clients.

<b>3 OPERATING PROFIT</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>

**OPERATING PROFIT IS STATED AFTER CHARGING/(CREDITING):**

Auditors' remuneration	- as auditors	171,721	45,000
	- other services	-	6,000
Operating leases	- land and buildings	179,226	125,555
	- Computer Equipment	79,590	125,555
Depreciation		559,652	504,886
Profit on disposal of fixed assets		-	(303)

<b>4 EXCEPTIONAL ITEMS</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>

Reorganisation costs	-	511,224
Dilapidations	-	120,000
	<u>-</u>	<u>631,224</u>

<b>5 DIRECTORS AND EMPLOYEES</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>

**STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS**

Wages and salaries	5,124,984	2,000,738
Social security costs	564,710	236,214
	<u>5,689,694</u>	<u>2,236,952</u>

**ODL Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

	Number	Number
Average number employed including directors	87	42
DIRECTORS' EMOLUMENTS	2005 £	2004 £
For qualifying services	1,101,764	416,005
	<u>1,101,764</u>	<u>416,005</u>
Remuneration of highest paid director	<u>412,367</u>	<u>136,497</u>
6 TAXATION	2005 £	2004 £
(a) TAX CHARGE FOR THE YEAR		
BASED ON THE PROFIT FOR THE YEAR		
Current tax:		
Corporation tax at 30%	2,089,168	126,000
Adjustments in respect of prior years	-	13,346
	<u>2,089,169</u>	<u>139,346</u>
Deferred tax:		
Deferred tax charge for the year	71,287	42,247
	<u>2,160,455</u>	<u>181,593</u>
(b) FACTORS AFFECTING TAX CHARGE FOR THE YEAR		
The tax assessed for the year is different from the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Profit before taxation	<u>6,976,177</u>	<u>495,882</u>
Corporation tax thereon at 30%	2,092,853	148,765
Capital allowances in excess of depreciation	(71,287)	64,680
Expenses not deductible for tax purposes	67,602	48,639
Adjustment to tax charge in respect of previous periods	-	13,346
Small companies relief	-	(2,053)
Unrealised gain on listed investment	-	(3,939)
Roundings	-	359
Tax losses	-	(130,451)
Current tax charge	<u>2,089,168</u>	<u>139,346</u>

**ODL Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

**7 TANGIBLE FIXED ASSETS**

GROUP	Leasehold Improvements £	Furniture, fixtures and fittings £	Computer equipment £	MyBroker Website and ODL Trader £	Total £
<b>COST</b>					
1 January 2005	-	255,723	2,174,746	1,557,539	3,988,008
Additions	1,127,219	80,177	945,630	745,256	2,898,282
Disposals	-	-	-	-	-
31 December 2005	1,127,219	335,900	3,120,376	2,302,795	6,886,290
<b>DEPRECIATION</b>					
1 January 2005	-	163,462	1,381,632	1,439,487	2,984,581
Charge for the year	-	38,225	450,477	70,950	559,652
Disposals	-	-	-	-	-
31 December 2005	-	201,687	1,832,109	1,510,437	3,544,233
<b>NET BOOK VALUE</b>					
31 December 2005	1,127,219	134,213	1,288,267	792,358	3,342,056
31 December 2004	-	92,261	793,114	118,052	1,003,427

At the year-end the group had capital commitments of £Nil (2004 - £Nil).

**8 INVESTMENT IN SUBSIDIARIES**

**COMPANY**

Shares in subsidiary undertakings at cost:

1 January 2005	4,284,182
Additions – ODL Securities Inc	72,725
31 December 2005	4,356,907

The principal subsidiary undertakings at 31 December 2004 and 2005 are listed below:

Subsidiary undertaking	Country of incorporation	Holding	Proportion of voting rights held	Nature of business
ODL Securities Limited	UK	Ordinary shares	100%	Diversified financial services
ODL Securities Inc	USA	Ordinary shares	100%	Diversified financial services

On 30<sup>th</sup> December 2005 the company purchased 125,000 \$1 ordinary shares in ODL Securities Inc at a cost of £72,725.

**ODL Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

**9 INVESTMENTS**

GROUP	Listed £	Unlisted £	Total £
1 January 2005	49,885	12,000	61,885
Mark to market movement	-	1,661,910	1,661,910
Disposals	-	-	-
31 December 2005	<u>49,885</u>	<u>1,673,910</u>	<u>1,723,795</u>

**10 DEBTORS**

	Group 2005 £	Company 2005 £	Group 2004 £	Company 2004 £
Amounts falling due within one year				
Corporation tax recoverable	-	-	75,000	-
Due from subsidiary undertakings	-	2,114,078	-	2,189,114
Other debtors	5,757,854	-	1,322,590	-
Prepayments and accrued income	94,652	-	106,228	-
Called up share capital not paid	-	-	1,926	1,926
	<u>5,852,506</u>	<u>2,114,078</u>	<u>1,505,744</u>	<u>2,191,040</u>

**11 CREDITORS: amounts falling due within one year**

Trade creditors	151,035,927	-	127,787,045	-
Corporation tax payable	1,961,916	-	126,000	-
Other taxation and social security	193,800	-	118,602	-
Other creditors	750,069	-	130,549	-
Accruals and deferred income	2,341,873	-	393,135	-
	<u>156,283,585</u>	<u>-</u>	<u>128,555,331</u>	<u>-</u>

**12 PROVISIONS FOR LIABILITIES AND CHARGES**

	Group 2005 £	Group 2004 £
1 January	194,500	-
On acquisition of subsidiary	-	152,253
Provided during the year	71,287	42,247
31 December 2005	<u>265,787</u>	<u>194,500</u>

The deferred tax provision relates to accelerated capital allowances.



# ODL Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

13	CALLED UP EQUITY SHARE CAPITAL	2005 £	2004 £
	AUTHORISED		
	2,413,850 ordinary shares of £1 each	2,413,850	2,413,850
	297,197 ordinary shares of £0.01 each	2,971	2,971
		<u>2,416,821</u>	<u>2,416,821</u>
	ALLOTTED AND CALLED UP		
	2,025,716 ordinary shares of £1 each	2,025,716	2,025,716
	297,197 ordinary shares of £0.01 each	<u>2,971</u>	<u>2,971</u>
		<u>2,028,687</u>	<u>2,028,687</u>

Brought forward unpaid, allotted and called up share capital of £1,926 in respect of the ordinary shares of £0.01 each has been paid during the year.

14	SHARE PREMIUM ACCOUNT	2005 £	2004 £
	1 January	4,446,535	-
	Premiums on shares issued during the period	-	4,446,535
		<u>4,446,535</u>	<u>4,446,535</u>
	31 December	<u>4,446,535</u>	<u>4,446,535</u>

15	PROFIT AND LOSS ACCOUNT - GROUP	2005 £	2004 £
	1 January	314,289	-
	Retained profit for the year	4,471,350	314,289
		<u>4,785,639</u>	<u>314,289</u>
	31 December	<u>4,785,639</u>	<u>314,289</u>

The loss dealt with in the financial statements of the parent company is £3,607, (2004 - £Nil).

16	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS - GROUP	2005 £	2004 £
	1 January/on incorporation	6,789,511	-
	Retained profit for the year	4,471,350	314,289
	Issue of shares (note 13)	-	2,028,687
	Share premium on issue of shares	-	4,446,535
		<u>11,260,861</u>	<u>6,789,511</u>
	Equity shareholders' funds at 31 December	<u>11,260,861</u>	<u>6,789,511</u>
	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS - COMPANY	2005 £	2004 £
	1 January/on incorporation	6,475,222	-
	Retained profit for the year	(3,607)	-
	Issue of shares (note 13)	-	2,028,687
	Share premium on issue of shares	-	4,446,535
		<u>6,471,615</u>	<u>6,475,222</u>
	Equity shareholders' funds at 31 December	<u>6,471,615</u>	<u>6,475,222</u>

# ODL Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

17	RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES	2005 £	2004 £	
	Operating profit	6,976,177	1,127,106	
	Exceptional items (note 4)	-	(631,224)	
	Depreciation	559,652	504,886	
	Profit on disposal of fixed assets	-	(303)	
	Mark to market movement in current asset investments	(1,661,910)	-	
	Increase in debtors	(4,421,762)	(1,230,790)	
	Increase in creditors	25,892,338	128,150,267	
	Cash inflow from operating activities	<u>27,344,495</u>	<u>127,919,942</u>	
18	RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET FUNDS	2005 £	2004 £	
	1 January	132,968,286	-	
	Increase in cash for the year	<u>23,923,589</u>	<u>132,968,286</u>	
	Net funds at 31 December	<u>156,891,875</u>	<u>132,968,286</u>	
19	ANALYSIS OF CHANGE IN NET FUNDS	At beginning of year £	Cash flows £	At end of year £
	Cash at bank and in hand (including short term deposits)	132,968,286	23,923,589	156,891,875
		<u>132,968,286</u>	<u>23,923,589</u>	<u>156,891,875</u>
	Net funds are analysed as follows:			
		2005 £	2004 £	
	Own funds	1,884,077	3,113,552	
	Client - segregated funds	41,955,709	32,554,042	
	- non segregated	113,052,089	97,300,692	
		<u>156,891,875</u>	<u>132,968,286</u>	
20	PURCHASE OF SUBSIDIARY UNDERTAKINGS			
	Net cash acquired with subsidiary undertaking	-	1,125,000	
	Other net assets	-	925,000	
		<u>-</u>	<u>2,050,000</u>	
	Satisfied by:			
	Shares allotted	-	2,050,000	

**ODL Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

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**21 ANNUAL OBLIGATIONS UNDER OPERATING LEASES – GROUP**

	2005 £	2004 £
Land and buildings		
Annual charge for:		
Operating leases expiring:		
Within one year	-	179,226
Greater than 5 years	<u>405,765</u>	-
	<u>405,765</u>	<u>179,226</u>

The obligation for 2005 relates to the contract for rent and works contribution on the 10 year lease signed on 8<sup>th</sup> Floor, 10 Lower Thames Street, London

	2005 £	2004 £
Computer Equipment		
Annual charge for:		
Operating leases expiring:		
Within one year	<u>79,590</u>	<u>17,710</u>
	<u>79,590</u>	<u>17,710</u>

**22 RELATED PARTY TRANSACTIONS**

In the ordinary course of business, the company undertakes transactions on behalf of certain directors and their close families. The transactions are undertaken on a normal arm's length basis on the same terms available to other members of staff and comply with the FSA's guidance as to model personal account dealings.

**23 CHARGES ON ASSETS**

The Royal Bank of Scotland holds a fixed charge dated 10 June 2004 over all right, title and interest to the Margin Account and all sums standing to the credit thereof as security for the payment of secured obligations.

**24 ULTIMATE CONTROLLING PARTY AND PARENT UNDERTAKING**

Gardenparty Limited, a company incorporated in the Isle of Man owns 72% of the issued equity share capital of ODL Group Limited.

The ultimate controlling party is a discretionary trust.