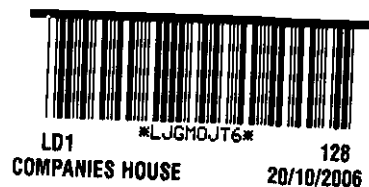


Cenkos Securities Limited

Balance sheet

31 May 2006

	Note	31 May 2006 £	30 November 2005 £
Non-current assets			
Property, plant and equipment	3	302,017	329,882
Investments	4	95,007	20,004
Available for sale investments	5	5,067,993	4,327,797
		<u>5,465,017</u>	<u>4,677,683</u>
Current assets			
Trading investments - long positions	6	2,719,817	977,363
Trade and other receivables	7	8,732,343	9,626,085
Cash and cash equivalents	8	13,070,576	12,206,198
		<u>24,522,736</u>	<u>22,809,646</u>
Total assets		<u>29,987,753</u>	<u>27,487,329</u>
Current liabilities			
Trading investments - short positions	6	(184,025)	(954,823)
Trade and other payables	9	(15,049,488)	(15,104,464)
		<u>(15,233,513)</u>	<u>(16,059,287)</u>
Net current assets		<u>9,289,223</u>	<u>6,750,359</u>
Non-current liabilities			
Deferred tax liabilities	10	(1,218,681)	-
Preference shares	11	-	(400,000)
Total liabilities		<u>(16,452,194)</u>	<u>(16,459,287)</u>
Net assets		<u>13,535,559</u>	<u>11,028,042</u>
Equity			
Share capital	12	482,283	440,283
Share premium account	16	4,340,551	3,962,551
Revaluation reserves	16	2,843,589	2,325,452
Retained earnings	16	5,869,136	4,299,756
Equity attributable to equity holders of the parent		<u>13,535,559</u>	<u>11,028,042</u>



Cenkos Securities Limited

Notes to the company balance sheet

31 May 2006

1. General information

Cenkos Securities Plc is a company incorporated in the United Kingdom under the Companies Act 1985. The company's principal activity is the provision of investment banking services. The balance sheet and related notes are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2. Significant accounting policies

Basis of accounting

The balance sheet and related notes have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRSs are given in note 17. The balance sheet and related notes have also been prepared in accordance with IFRSs adopted for use by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The balance sheet and related notes have been prepared on the historical cost basis as modified by the valuation of certain financial instruments. They have been prepared for the purpose of compliance with section 43(3)(c) of the Companies Act 1985. They have been prepared at 31 May 2006, which is not a financial year of the company. The principal accounting policies adopted are set out below.

Subsidiary undertakings

The company's subsidiary undertakings are valued at cost less any provision for impairment.

Financial instruments

Trading investments

Trading investments comprising both long and short positions are stated at fair values, with the resultant profits and losses being taken to the profit and loss account. This is not in accordance with Schedule 4 of the Companies Act 1985 which requires that such assets be stated at the lower of cost and net realisable value, or that if revalued, any revaluation differences be taken to a revaluation reserve. The directors consider that this departure is necessary in order that the financial statements should give a true and fair view of the results of the company's trading activities, in accordance with section 226A(5) of the Companies Act 1985. The directors consider that it is not practical to quantify the effect of non-compliance with the Act in a way that would be useful to the users of these financial statements.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowance for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Notes to the company balance sheet 31 May 2006

2. Significant accounting policies (continued)

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Available for sale investments

Available for sale investments are measured at fair value in the balance sheet with value changes after adjusting for taxation being recognised in equity.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Investments

Investments held as fixed assets are stated at cost, less any provision for diminution in value.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life as follows:

Leasehold improvements:	Ten years
Fixtures and fittings:	Three years
IT equipment:	Three years

The carrying values of property, plant and equipment are subject to annual review and any impairment is charged to the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profits differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Notes to the company balance sheet

31 May 2006

2. Significant accounting policies (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

3. Property, plant and equipment

2006 Company	Leasehold improvements £	Fixtures and fittings £	IT equipment £	Total £
Cost				
At 30 November 2005	212,224	14,117	148,356	374,697
Additions	1,049	1,885	8,186	11,120
At 31 May 2006	213,273	16,002	156,542	385,817
Accumulated depreciation				
At 30 November 2005	(14,491)	(2,573)	(27,751)	(44,815)
Charge for the period	(10,655)	(2,644)	(25,686)	(38,985)
At 31 May 2006	(25,146)	(5,217)	(53,437)	(83,800)
Net book value				
At 31 May 2006	188,127	10,785	103,105	302,017
At 30 November 2005	197,733	11,544	120,605	329,882

Cenkos Securities Limited

Notes to the company balance sheet 31 May 2006

4. Fixed asset investments

Company	Shares in subsidiary undertakings £
Cost	
At 30 November 2005	20,004
Additions	75,003
	<hr/>
At 31 May 2006	95,007
	<hr/>

Subsidiary undertakings

At 31 May 2006, the company had the following subsidiary undertakings:

Direct holdings

Subsidiary undertaking	Country of registration and operation	Principal activity	Proportion of ordinary shares and voting rights held %
Cenkos LLP	England and Wales	Provision of investment services	76.92
Cenkos Channel Islands Limited	Guernsey	Provision of investment services	75
Cenkos Nominee UK Limited	England and Wales	Nominee company	100
Woodham Merchant Limited	England and Wales	Provision of investment services	100

The investment in Cenkos LLP was made in cash for 76.92% of the ordinary share capital issued on incorporation.

The investment in Cenkos Channel Islands Limited was made in cash for all the ordinary share capital issued on incorporation.

The investment in Cenkos Nominee UK Limited was made in cash for all the ordinary share capital issued on incorporation.

The investment in Woodham Merchant Limited for all the ordinary share capital issued on incorporation has not yet been paid for.

Indirect holdings

Principal subsidiary undertakings	Country of registration and operation	Principal activity	Proportion of ordinary shares and voting rights held %
Woodham Merchant Partners LLP	England and Wales	Provision of investment services	91

The investment in Woodham Merchant Partners LLP for 91% of the ordinary share capital issued on incorporation has not yet been paid for.

In the opinion of the directors, the value of the investments is not less than the amount at which they are stated in the balance sheet.

Cenkos Securities Limited

Notes to the company balance sheet 31 May 2006

5. Available for sale investments

	2006 £	2005 £
Opening balance	4,327,797	-
Additions at cost	-	1,005,723
Revaluation to fair value	740,196	3,322,074
Closing balance	<u>5,067,993</u>	<u>4,327,797</u>

This investment is 17,939,800 ordinary shares in Plus Markets Group Plc, which represents 13.3% of the share capital of Plus Markets Group Plc.

6. Trading investments

Long positions

	2006 £	2005 £
Held for trading - fair value	<u>2,719,817</u>	<u>977,363</u>

Short positions

	2006 £	2005 £
Held for trading - fair value	<u>184,025</u>	<u>954,823</u>

The investments included above represent investments in equity securities that present the company with opportunity for return through trading gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on quoted market prices.

7. Trade and other receivables

	2006 £	2005 £
Market and client debtors	4,524,944	7,018,679
Amounts owed by subsidiary undertakings		
- due within one year	3,907,447	2,203,113
- due after one year	-	68,397
Other debtors	120,202	189,808
Prepayments and accrued income	179,750	146,088
	<u>8,732,343</u>	<u>9,626,085</u>

Within amounts owed by group undertakings is a loan of £100,000 (2005 - £100,000) to Cenkos Channel Islands Limited. This is unsecured, bears interest at $\text{libor} + 0.01\%$ and is repayable over three years.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Cenkos Securities Limited

Notes to the company balance sheet

31 May 2006

7. Trade and other receivables (continued)

Credit risk

The company's principal financial assets are bank balances and cash (note 8), trade and other receivables and investments.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

8. Cash and cash equivalents

	2006 £	2005 £
Cash and cash equivalents	13,070,576	12,206,198

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

9. Trade and other payables

	2006 £	2005 £
Trade creditors	3,623,151	3,422,946
Amounts owed to subsidiary undertakings	7,338,586	5,511,046
Corporation tax payable	1,802,154	2,839,376
Accruals and deferred income	2,201,233	3,268,420
Other creditors	84,364	62,676
	15,049,488	15,104,464

10. Deferred tax liabilities

Deferred tax arises in respect of unrealised gains on available-for-sale investments. The movement on deferred tax in the period is as follows:

	2006 £	2005 £
Opening balance	-	-
Reclassification from current tax in respect of prior period	996,622	-
Current year charge to equity	222,059	-
Closing balance	1,218,681	-

Cenkos Securities Limited

Notes to the company balance sheet 31 May 2006

11. Preference shares

	2006	2005
	£	£
Redeemable preference shares of £1 each - fully paid	-	400,000

The preference shares were redeemed on 1 March 2006.

The preference shares are not entitled to dividends, have no voting rights and are redeemable at the discretion of the board of directors. The preference shares were redeemed on 1 March 2006.

12. Share capital

	2006	2005
	£	£
Authorised:		
14,000,000 (2005 - 10,000,000) ordinary shares of 10p each	1,400,000	1,000,000
400,000 (2005 - 400,000) preference shares of £1 each	400,000	400,000
	£	£
Allotted:		
4,822,834 (2005 - 4,377,834) ordinary shares of 10p each - fully paid	482,283	437,783
Nil (2005 - 25,000) ordinary shares of 10p each - unpaid	-	2,500
Nil (2005 - 400,000) redeemable preference shares of £1 each - fully paid	-	400,000
	482,283	840,283
Transfer of the preference shares to non-current liabilities	-	(400,000)
	482,283	440,283

20 August 2004 to 30 November 2005

On 20 August 2004 the company was incorporated with an authorised share capital of 1,000 ordinary shares of £1 each. On this date, A M Stewart (a director) was issued with an ordinary share of £1 and New Smith Capital Partners LLP were issued with an ordinary share of £1, giving a combined issued share capital of £2.

On 8 March 2005, the authorised ordinary share capital of the company was increased to 10,000,000 ordinary shares of 10p each and 400,000 redeemable preference shares of £1 each. The initial two ordinary shares of £1 each were subdivided into ordinary shares of 10p each.

On 8 March 2005, 400,000 redeemable preference shares of £1 each were issued at par for cash. An additional 3,533,314 ordinary shares of 10p each were issued at a premium of 90p each for cash.

On 18 May 2005, 285,000 ordinary shares of 10p each were issued at a premium of 90p each for cash.

On 8 June 2005, a further 409,500 ordinary shares of 10p each were issued at a premium of 90p each for cash. 25,000 of these ordinary shares were called but unpaid at the year end.

Cenkos Securities Limited

Notes to the company balance sheet

31 May 2006

12. Share capital (continued)

On 10 August 2005, a further 125,000 ordinary shares of 10p each were issued at a premium of 90p each for cash.

On 25 October 2005, a further 50,000 ordinary shares of 10p each were issued at a premium of 90p each for cash. Each ordinary share entitles the holder to one vote. The ordinary shares do not have redemption rights and no right to dividends other than those proposed by the directors.

1 December 2005 to 31 May 2006

On 9 February 2006, a further 20,000 ordinary shares of 10p each were issued at a premium of 90p each for cash.

On 1 March 2006, a further 400,000 ordinary shares of 10p each were issued at a premium of 90p each for cash.

25,000 ordinary shares of 10p each, unpaid at 30 November 2005, were paid up during the period.

13. Operating lease commitments

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases in relation to land and buildings, which fall due as follows:

	2006	2005
	£	£
Within one year.	111,888	111,888
In the second to fifth years inclusive	447,552	447
After five years	466,200	-

Notes to the company balance sheet

31 May 2006

14. Events after the balance sheet date

On 23 October 2006, the company expects to issue an AIM admission document in connection with its admission to AIM. On admission, expected to be on 31 October 2006, the company proposes to issue 1,779,359 new ordinary shares pursuant to the placing. The gross proceeds expected to be receivable on the issue of the shares are approximately £2,500,000 and the net proceeds after expenses of the issue are expected to be approximately £300,000.

On 5 June 2006, 2,000,000 authorised but unissued ordinary shares were redesignated as B shares of 10p each. Also on 5 June 2006, the authorised share capital of the company was increased by the creation of an additional 1,000,000 B shares of 10p each. These shares are entitled to dividends and voting rights.

On issue, these shares are required to be paid up as to nominal value, but not as to any premium, which is only payable on the occurrence of certain specified events, at which time the shares convert into ordinary shares.

On 5 June 2006, the authorised share capital of the company was increased by the creation of 4,000,000 ordinary shares of 10p each.

The following shares have been issued:

Shares	Date of issue	Number of shares	Price per share at allotment £	Premium per share £
B shares of 10p each	19 July 2006	715,000	8.75	8.65
B shares of 10p each	17 August 2006	935,555	10.63	10.53
B shares of 10p each	22 August 2006	75,000	10.63	10.53
B shares of 10p each	20 September 2006	142,875	14.17	14.27
Ordinary shares of 10p each	20 June 2006	108,833	-	2.40
Ordinary shares of 10p each	13 September 2006	10,000	-	0.90

In October 2006, a further 213,000 B shares of 10p each are to be issued, conditional upon admission of the company to AIM.

15. Related parties

The company's balances with subsidiary undertakings are shown in notes 7 and 9.

Cenkos Securities Limited

Notes to the company balance sheet 31 May 2006

16. Statement of changes in equity

	Share capital £	Share premium £	Revaluation reserve £	Retained earnings £	Total £
On incorporation	-	-	-	-	-
Shares issued	440,283	3,962,551	-	-	4,402,834
Retained profit for the period	-	-	-	4,299,756	4,299,756
Net revaluation of available- for-sale investments	-	-	2,325,452	-	2,325,452
At 30 November 2005	440,283	3,962,551	2,325,452	4,299,756	11,028,042
Shares issued	42,000	378,000	-	-	420,000
Retained profit for the period	-	-	-	6,392,214	6,392,214
Net revaluation of available- for-sale investments	-	-	518,137	-	518,137
Dividends paid	-	-	-	(4,822,834)	(4,822,834)
At 31 May 2006	482,283	4,340,551	2,843,589	5,869,136	13,535,559

17. Explanation of transition to IFRSs

This is the first period for which the company has presented its financial statements under IFRS. The following disclosures are required in the period of transition. The last financial statements under UK GAAP were for the period from the date of incorporation on 20 August 2004 to 30 November 2005 and the date of transition to IFRSs was therefore 20 August 2004.

Reconciliation of equity at 20 August 2004

The company was incorporated on 20 August 2004. At that date, there were no differences between its balance sheet under UK GAAP and IFRS.

Cenkos Securities Limited

Notes to the company balance sheet 31 May 2006

17. Explanation of transition to IFRSs (continued)

Reconciliation of equity at 30 November 2005 (date of last UK GAAP financial statements)

	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
Non-current assets			
Property, plant and equipment	329,882	-	329,882
Investments	20,004	-	20,004
Available for sale investments (note 1)	-	4,327,797	4,327,797
	<u>349,886</u>	<u>4,327,797</u>	<u>4,677,683</u>
Current assets			
Trading investments - long positions (note 1)	5,305,160	(4,327,797)	977,363
Trade and other receivables	9,626,085	-	9,626,085
Cash and cash equivalents	12,206,198	-	12,206,198
	<u>27,137,443</u>	<u>(4,327,797)</u>	<u>22,809,646</u>
Total assets	<u>27,487,329</u>	<u>-</u>	<u>27,487,329</u>
Current liabilities			
Trading investments - short positions	(954,823)	-	(954,823)
Trade and other payables	(15,104,464)	-	(15,104,464)
	<u>(16,059,287)</u>	<u>-</u>	<u>(16,059,287)</u>
Net current assets	<u>11,078,156</u>	<u>(4,327,797)</u>	<u>6,750,359</u>
Non-current liabilities			
Preference shares (note 2)	-	(400,000)	(400,000)
Total liabilities	<u>(16,059,287)</u>	<u>(400,000)</u>	<u>(16,459,287)</u>
Net assets	<u>11,428,042</u>	<u>(400,000)</u>	<u>11,028,042</u>
Capital and reserves			
Share capital (note 2)	840,283	(400,000)	440,283
Share premium account	3,962,551	-	3,962,551
Revaluation reserves	-	2,325,452	2,325,452
Retained earnings	6,625,208	(2,325,452)	4,299,756
Equity attributable to equity holders of the parent	<u>11,428,042</u>	<u>(400,000)</u>	<u>11,028,042</u>

Notes

1. Reclassification of investment in Plus Markets Group Plc as an available-for-sale investment.
2. Reclassification of preference shares from equity to non-current liabilities.